

*TOWN OF BAR HARBOR, MAINE*

*FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES  
WITH INDEPENDENT AUDITOR'S REPORT*

*FOR THE FISCAL YEAR  
ENDED JUNE 30, 2010*

**TOWN OF BAR HARBOR**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

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***INDEPENDENT AUDITOR'S REPORT***

December 27, 2010

Members of the Town Council  
Town of Bar Harbor  
Bar Harbor, ME 04609

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bar Harbor, Maine as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Bar Harbor, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bar Harbor, Maine as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2-6 and 33, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bar Harbor, Maine's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully Submitted,

*James W. Wadman, CPA*

James W. Wadman, CPA



**TOWN OF BAR HARBOR, MAINE**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2010**

Management of the Town of Bar Harbor, Maine provides this *Management's Discussion and Analysis* of the Town's financial performance for readers of the Town's financial statements. This narrative overview and analysis of the financial activities of the Town is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

The financial statements herein include all of the activities of the Town of Bar Harbor, Maine (the Town) using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34.

**FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT**

**Government-wide Highlights:**

*Net Assets* – The assets of the Town exceeded its liabilities at fiscal year ending June 30, 2010 by \$28,552,807 (presented as “net assets”). Of this amount, \$8,334,044 was reported as “unrestricted net assets”. Unrestricted net assets represent the amount available to be used to meet the Town's ongoing obligations to citizens and creditors.

*Changes in Net Assets* – The Town's total net assets increased by \$1,363,165 (a 5.01% increase) for the fiscal year ended June 30, 2010. Net assets of governmental activities increased by \$839,401 (a 4.71% increase), while net assets of business-type activities showed an increase of \$523,764 (a 5.6% increase).

**Fund Highlights:**

*Governmental Funds – Fund Balances* – As of the close of the fiscal year ended June 30, 2010, the Town's governmental funds reported a combined ending fund balance of \$7,750,171 with \$696,033 being general undesignated fund balance. This undesignated fund balance represents approximately 7.19% of the total general fund expenditures for the year.

**Long-term Debt:**

The Town's total long-term debt obligations increased by \$3,278,559 (31.9%) during the current fiscal year. The Town issued a new bond for \$4,300,000 for capital improvements and water construction that was approved by the Town June 2, 2009. The total amount approved was \$5,140,947 leaving \$840,947 remaining in capital construction unissued at June 30, 2010. Existing debt obligations were retired according to schedule.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary comparison) and other supplementary information. These components are described below:

**Government-wide Financial Statements**

The Government-wide financial statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain elimination entries have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables.

The government-wide financial statements can be found on pages 7-8 of this report.

**Fund Financial Statements**

The fund financial statements include statements for each of the three categories of activities – governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The business-type activities are prepared using

the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. Reconciliation of the fund financial statements to the Government-wide financial statements is provided to explain the differences created by the integrated approach.

The basic governmental fund financial statements can be found on pages 9-12 of this report.

The basic proprietary fund financial statements can be found on pages 13-15 of this report.

#### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

The notes to the financial statements can be found on pages 16-32 of this report.

#### **Required Supplementary Information**

This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary).

Required supplementary information can be found on page 33 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

#### **Net Assets**

55.56% of the Town's net assets reflect its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges and other immovable assets), less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

|   | <b>Governmental<br/>Activities</b> | <b>Business-like<br/>Activities</b> | <b>Total 2010</b> | <b>Total 2009</b> |
|---|------------------------------------|-------------------------------------|-------------------|-------------------|
| Current Assets                          | 9,669,184                          | 1,417,550                           | 11,086,734        | 7,570,379         |
| Capital Assets                          | 16,004,274                         | 17,555,633                          | 33,559,907        | 32,656,245        |
| <b>Total Assets</b>                     | <b>25,673,458</b>                  | <b>18,973,183</b>                   | <b>44,646,641</b> | <b>40,226,624</b> |
| Current Liabilities                     | 1,859,616                          | 1,991,600                           | 3,851,216         | 3,748,228         |
| Other Liabilities                       | 5,142,899                          | 7,099,719                           | 12,242,618        | 9,288,754         |
| <b>Total Liabilities</b>                | <b>7,002,515</b>                   | <b>9,091,319</b>                    | <b>16,093,834</b> | <b>13,036,982</b> |
| <b>Net Assets:</b>                      |                                    |                                     |                   |                   |
| Held for Postemployment Benefits        | 88,714                             |                                     | 88,714            | 53,532            |
| Invested in Capital Assets              | 10,371,992                         | 9,676,211                           | 20,048,203        | 22,418,977        |
| Restricted                              | 81,846                             |                                     | 81,846            | 57,280            |
| Unrestricted                            | 8,128,391                          | 205,653                             | 8,334,044         | 4,659,853         |
| <b>Total Net Assets</b>                 | <b>18,670,943</b>                  | <b>9,881,864</b>                    | <b>28,552,807</b> | <b>27,189,642</b> |
| <b>Total Liabilities and Net Assets</b> | <b>25,673,458</b>                  | <b>18,973,183</b>                   | <b>44,646,641</b> | <b>40,226,624</b> |

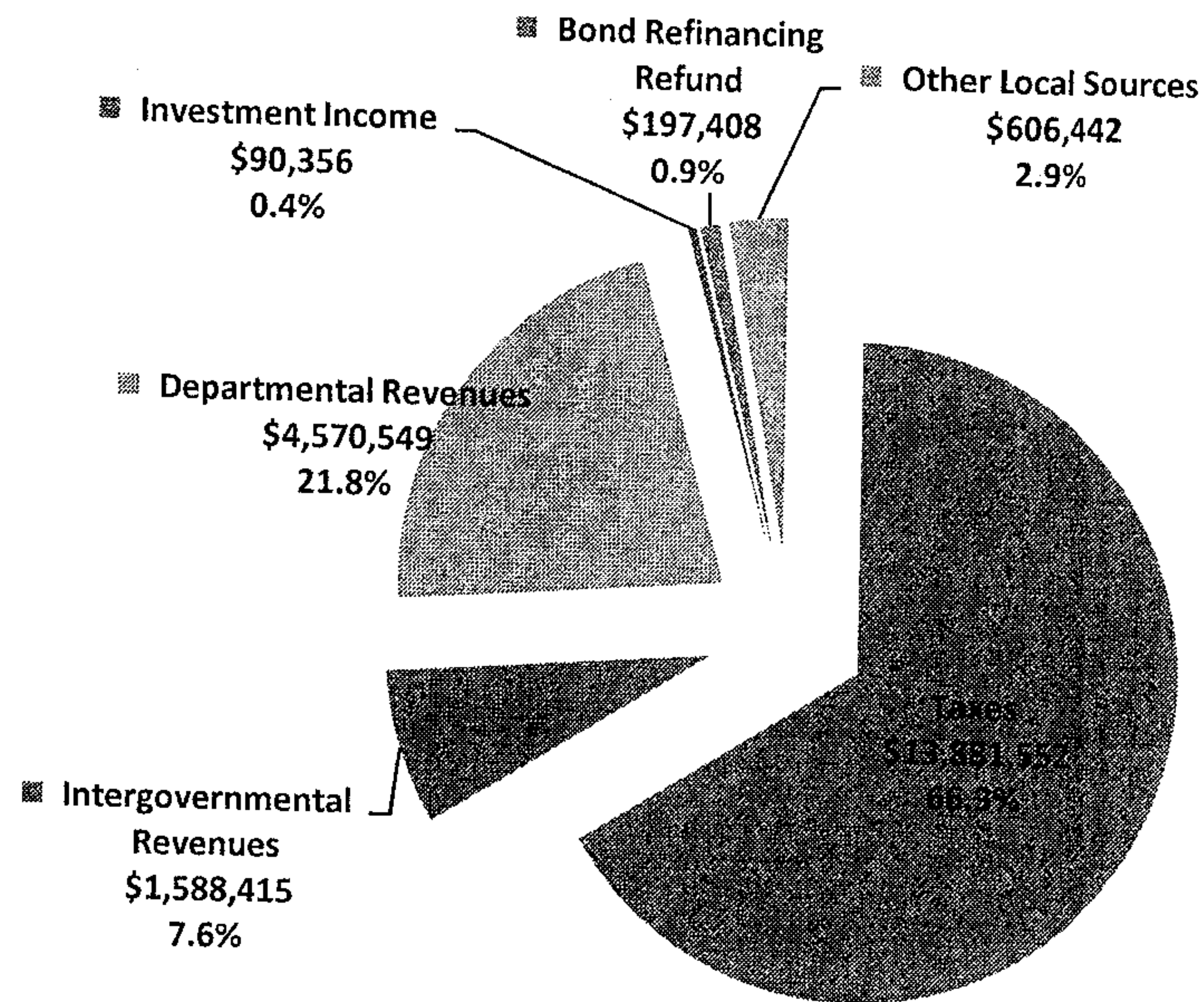


**Changes in Net Assets**

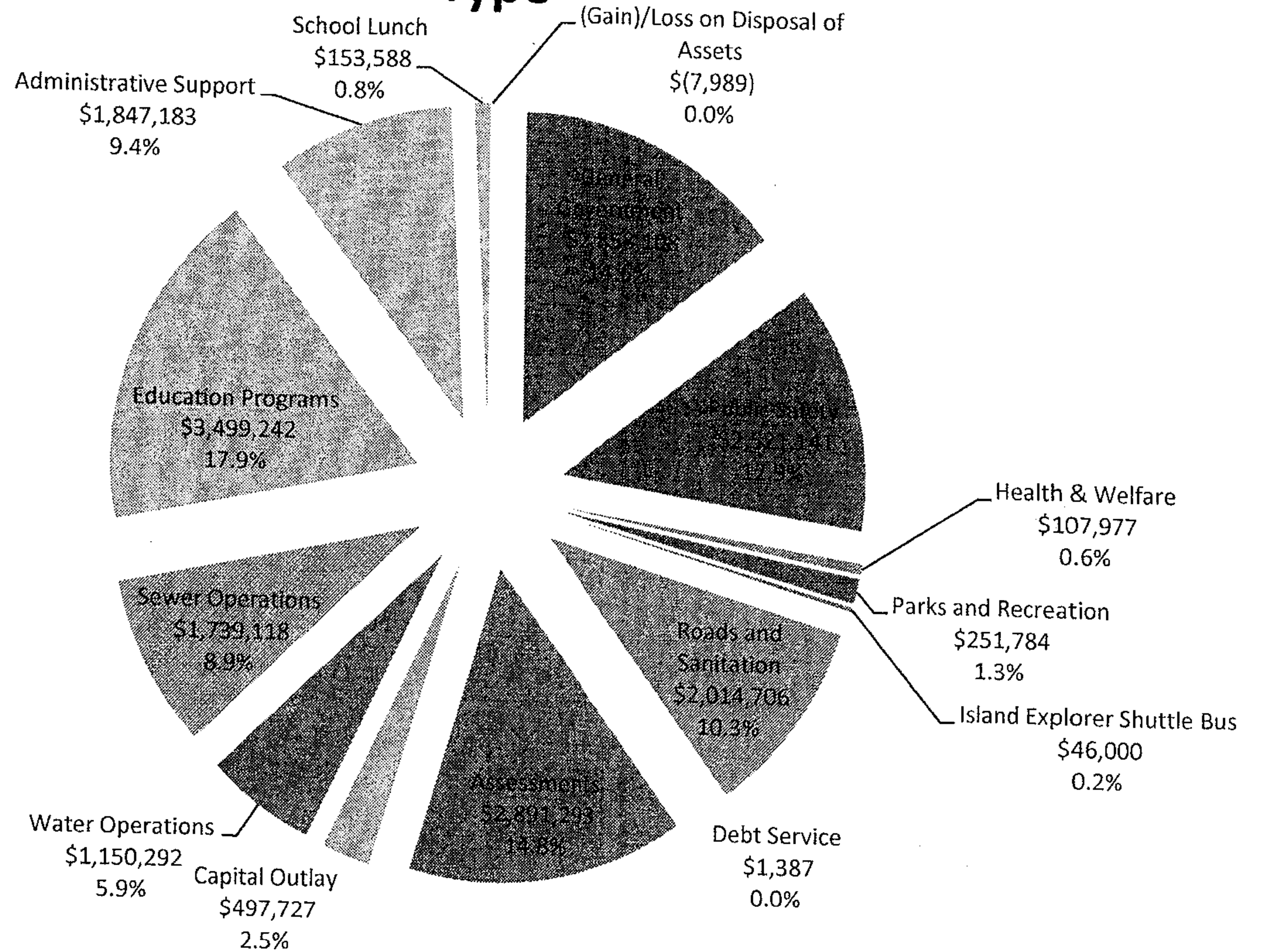
Approximately 66.3% of the Town's total revenue came from property and excise taxes, approximately 7.6% came from State subsidies and grants, and approximately 26.1% came from services, investment earnings and other sources. Depreciation expense on the Town's governmental and business-like activity assets represents \$1,842,736 of the total expenses for the fiscal year.

|                                   | <b>Governmental<br/>Activities</b> | <b>Business-like<br/>Activities</b> | <b>Total 2010</b> | <b>Total 2009</b> |
|-----------------------------------|------------------------------------|-------------------------------------|-------------------|-------------------|
| <b>Revenues:</b>                  |                                    |                                     |                   |                   |
| Taxes                             | 13,881,552                         |                                     | 13,881,552        | 13,315,984        |
| Intergovernmental Revenues        | 1,588,415                          |                                     | 1,588,415         | 1,764,674         |
| Departmental Revenues             | 1,383,136                          | 3,187,413                           | 4,570,549         | 4,247,843         |
| Investment Income                 | 82,303                             | 8,053                               | 90,356            | 119,744           |
| Bond Refinancing Refund           |                                    | 197,408                             | 197,408           | -                 |
| Other Local Sources               | 591,406                            | 15,036                              | 606,442           | 492,697           |
| <b>Total</b>                      | <b>17,526,812</b>                  | <b>3,407,910</b>                    | <b>20,934,722</b> | <b>19,940,942</b> |
| <b>Expenses:</b>                  |                                    |                                     |                   |                   |
| General Government                | 2,858,108                          |                                     | 2,858,108         | 2,708,618         |
| Public Safety                     | 2,521,141                          |                                     | 2,521,141         | 2,360,785         |
| Health & Welfare                  | 107,977                            |                                     | 107,977           | 107,879           |
| Parks and Recreation              | 251,784                            |                                     | 251,784           | 159,348           |
| Island Explorer Shuttle Bus       | 46,000                             |                                     | 46,000            | 33,100            |
| Roads and Sanitation              | 2,014,706                          |                                     | 2,014,706         | 2,168,063         |
| Debt Service                      | 1,387                              |                                     | 1,387             | 3,276             |
| Assessments                       | 2,891,293                          |                                     | 2,891,293         | 2,741,261         |
| Capital Outlay                    | 497,727                            |                                     | 497,727           | 245,544           |
| Water Operations                  |                                    | 1,150,292                           | 1,150,292         | 1,266,135         |
| Sewer Operations                  |                                    | 1,739,118                           | 1,739,118         | 1,770,825         |
| Education Programs                | 3,499,242                          |                                     | 3,499,242         | 3,413,855         |
| Administrative Support            | 1,847,183                          |                                     | 1,847,183         | 1,915,164         |
| School Lunch                      | 153,588                            |                                     | 153,588           | 156,952           |
| (Gain)/Loss on Disposal of Assets | (2,725)                            | (5,264)                             | (7,989)           | 24,429            |
| <b>Total</b>                      | <b>16,687,411</b>                  | <b>2,884,146</b>                    | <b>19,571,557</b> | <b>19,075,234</b> |
| <b>Changes in Net Assets</b>      | <b>839,401</b>                     | <b>523,764</b>                      | <b>1,363,165</b>  | <b>865,708</b>    |

## Revenues By Source - Governmental and Business-Type



## Expenditures by Source - Governmental and Business-Type





## **FINANCIAL ANALYSIS OF THE TOWN'S INDIVIDUAL FUNDS**

### **Governmental Funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, undesignated fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the Town's governmental funds reported ending fund balances of \$7,750,171, an increase of \$3,358,042 in comparison with the prior year. The majority of the increase in fund balance was due to the unexpended portion of the bond proceeds. Approximately 11.55 percent of this total amount constitutes undesignated fund balance. The remainder is reserved to indicate that it is not available for spending because it has been committed to liquidate contracts and commitments of the prior fiscal year or for a variety of other purposes.

Variances between actual General Fund revenues and expenditures and the final amended budget included the following:

- \$133,922 positive variance in property tax. Supplemental taxes of \$215,574 less a deferred property tax adjustment of (\$81,653).
- \$(42,588) negative variance in auto excise. There is a down trend in registrations and fewer new vehicles.
- \$41,206 positive variance in building permits. New Jackson Lab and Bio Lab construction.
- \$(35,153) negative variance in interest on investment. Due to high budget and lower rates by the banks.
- \$20,661 positive variance in employee benefits. Due to ICMA deferred compensation, fewer participants.
- \$(45,447) negative variance in abatements/discount on taxes due to oceanfront & two subdivision adjustments.
- \$96,727 positive variance in highway division due to less storms resulting in less winter salt and patch expenditures.
- \$93,987 positive variance in solid waste due to less volume and less hauling costs.
- \$(26,058) negative variance in transfers due to council order to set up a new fund for cruise fund.

### **Proprietary Funds**

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

## **CAPITAL ASSET ADMINISTRATION**

### **Capital Assets**

The Town's investment in capital assets for its governmental and business-like activities amounts to \$59,773,055, net of accumulated depreciation of \$26,213,148, leaving a net book value of \$33,559,907. Current year additions included Capital Improvements, Water and Sewer additions.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all citizens, taxpayers, investors and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Bar Harbor, 93 Cottage Street – Suite I, Bar Harbor, ME 04609.



**TOWN OF BAR HARBOR**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

*Exhibit A*

| <i>Assets</i>                                     | <i>Governmental<br/>Activities</i> | <i>Business-Type<br/>Activities</i> | <i>Total</i>      |
|---|------------------------------------|-------------------------------------|-------------------|
| Cash and Equivalents                              | 6,997,318                          | 713,680                             | 7,710,998         |
| Investments                                       | 1,380,374                          |                                     | 1,380,374         |
| Receivables                                       |                                    |                                     |                   |
| Taxes and Liens                                   | 660,366                            | 34,352                              | 694,718           |
| User Fees, net                                    |                                    | 402,154                             | 402,154           |
| Accounts  | 33,985                             | 14,920                              | 48,905            |
| Ambulance   | 61,584                             |                                     | 61,584            |
| Accrued Interest                                  | 16,780                             | 2,232                               | 19,012            |
| Prepaid Expense                                   | 19,125                             | 74,178                              | 93,303            |
| Inventory   | 15,744                             | 98,984                              | 114,728           |
| Due from Other Governments                        | 483,908                            |                                     | 483,908           |
| Bond Issuance Costs, Net                          |                                    | 77,050                              | 77,050            |
| Capital Assets:                                   |                                    |                                     |                   |
| Land  | 1,899,514                          | 164,793                             | 2,064,307         |
| Construction Work in Progress                     | 55,502                             | 72,232                              | 127,734           |
| Other Capital Assets, Net of Depreciation         | 14,049,258                         | 17,318,608                          | 31,367,866        |
| <b>Total Assets</b>                               | <b>25,673,458</b>                  | <b>18,973,183</b>                   | <b>44,646,641</b> |
| <i>Liabilities and Net Assets</i>                 |                                    |                                     |                   |
| Liabilities                                       |                                    |                                     |                   |
| Accounts Payable                                  | 339,189                            | 52,875                              | 392,064           |
| Retainage Payable                                 | 55,594                             | 1,263                               | 56,857            |
| Payroll Taxes Deductible                          | 12,432                             |                                     | 12,432            |
| Due to Other Governments                          | 316                                | 470,371                             | 470,687           |
| Accrued Salaries Payable                          | 607,531                            | 38,160                              | 645,691           |
| Accrued Compensated Absences                      | 286,330                            | 32,756                              | 319,086           |
| Accrued Interest Payable                          |                                    | 48,493                              | 48,493            |
| Deferred Bond Premium                             | 9,259                              | 18,607                              | 27,866            |
| Accrued Pension Costs                             |                                    | 214,335                             | 214,335           |
| Accrued Standpipe Costs                           |                                    | 92,987                              | 92,987            |
| Prepaid Taxes                                     | 37,316                             |                                     | 37,316            |
| Construction Advances                             |                                    | 165,000                             | 165,000           |
| Deposits Payable                                  | 22,266                             |                                     | 22,266            |
| Long-term Liabilities:                            |                                    |                                     |                   |
| Due Within One Year                               | 489,383                            | 856,753                             | 1,346,136         |
| Due in More Than One Year                         | 5,142,899                          | 7,099,719                           | 12,242,618        |
| <b>Total Liabilities</b>                          | <b>7,002,515</b>                   | <b>9,091,319</b>                    | <b>16,093,834</b> |
| Net Assets  |                                    |                                     |                   |
| Held for Postemployment Benefits                  | 88,714                             |                                     | 88,714            |
| Investment in Capital Assets, net of Related Debt | 10,371,992                         | 9,676,211                           | 20,048,203        |
| Restricted  | 81,846                             |                                     | 81,846            |
| Unrestricted                                      | 8,128,391                          | 205,653                             | 8,334,044         |
| <b>Total Net Assets</b>                           | <b>18,670,943</b>                  | <b>9,881,864</b>                    | <b>28,552,807</b> |
| <b>Total Liabilities and Net Assets</b>           | <b>25,673,458</b>                  | <b>18,973,183</b>                   | <b>44,646,641</b> |

The notes to financial statements are an integral part of this statement.

**TOWN OF BAR HARBOR**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Exhibit B**

| <u>Functions/Programs</u>                          | <u>Program Revenues</u> |  |                             | <u>Net (Expense) Revenue and Changes in Net Assets</u> |                                     |
|--|-------------------------|--|-----------------------------|--|-------------------------------------|
|  | <u>Expenses</u>         | <u>Fees, Fines, and<br/>Charges for<br/>Services</u> | <u>Operating<br/>Grants</u> | <u>Governmental<br/>Activities</u>                     | <u>Business-like<br/>Activities</u> |
| <u>Primary Government</u>                          |                         |  |                             |  | <u>Total</u>                        |
| <u>Governmental Activities:</u>                    |                         |  |                             |  |                                     |
| General Government                                 | 2,858,108               | 400,584  |                             | (2,457,524)  | (2,457,524)                         |
| Public Safety                                      | 2,521,141               | 909,512  | 284,807                     | (1,326,822)  | (1,326,822)                         |
| Health and Welfare                                 | 107,977                 |  |                             | (107,977)  | (107,977)                           |
| Parks & Recreation                                 | 251,784                 | 400  |                             | (251,384)  | (251,384)                           |
| Island Explorer Shuttle Bus                        | 46,000                  |  |                             | (46,000)   | (46,000)                            |
| Roads and Sanitation                               | 2,014,706               | 77,237   |                             | (1,937,469)  | (1,937,469)                         |
| Debt Service - Interest                            | 1,387                   |  |                             | (1,387)  | (1,387)                             |
| Assessments  | 2,891,293               |  |                             | (2,891,293)  | (2,891,293)                         |
| Capital Outlay                                     | 497,727                 |  | 32,120                      | (465,607)  | (465,607)                           |
| Education Programs                                 | 3,499,242               |  | 120,595                     | (3,378,647)  | (3,378,647)                         |
| Administrative Support                             | 1,847,183               |  |                             | (1,847,183)  | (1,847,183)                         |
| School Lunch                                       | 153,588                 | 62,032   | 32,147                      | (59,409)   | (59,409)                            |
| <u>Total Governmental Activities</u>               | <u>16,690,136</u>       | <u>1,449,765</u>                                     | <u>469,669</u>              | <u>(14,770,702)</u>                                    | <u>(14,770,702)</u>                 |
| <u>Business-type Activities:</u>                   |                         |  |                             |  |                                     |
| Wastewater   | (1,739,118)             | 1,921,200  |                             |  | 182,082                             |
| Water  | (1,150,292)             | 1,266,213  |                             |  | 115,921                             |
| <u>Total Business-type Activities</u>              | <u>(2,889,410)</u>      | <u>3,187,413</u>                                     |                             |  | <u>298,003</u>                      |
| <u>Total Primary Government</u>                    | <u>13,800,726</u>       | <u>4,637,178</u>                                     | <u>469,669</u>              | <u>(14,770,702)</u>                                    | <u>(14,472,699)</u>                 |
| <u>General Revenues:</u>                           |                         |  |                             |  |                                     |
| Taxes  |                         |  |                             |  |                                     |
| Property   |                         |  |                             | 13,057,296   | 13,057,296                          |
| Auto and Boat Excise                               |                         |  |                             | 824,256  | 824,256                             |
| Intergovernmental Revenues                         |                         |  |                             | 1,118,746  | 1,118,746                           |
| Other Local Sources                                |                         |  |                             | 607,080  | 630,169                             |
| Bond Refinancing Refund                            |                         |  |                             |  | 197,408                             |
| Gain/(Loss) on Disposal of Assets                  |                         |  |                             | 2,725  | 7,989                               |
| <u>Total Revenues, Special Items and Transfers</u> |                         |  |                             | <u>15,610,103</u>                                      | <u>15,835,864</u>                   |
| <u>Changes in Net Assets</u>                       |                         |  |                             | <u>839,401</u>   | <u>1,363,165</u>                    |
| <u>Net Assets - Beginning</u>                      |                         |  |                             | <u>17,831,542</u>                                      | <u>27,189,642</u>                   |
| <u>Net Assets - Ending</u>                         |                         |  |                             | <u>18,670,943</u>                                      | <u>28,552,807</u>                   |

The notes to financial statements are an integral part of this statement.



**TOWN OF BAR HARBOR**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

**Exhibit C**  
**Page 1 of 2**

| <i>Assets</i>                                    | <i>General<br/>Fund</i> | <i>CIP<br/>Fund</i> | <i>School<br/>Fund</i> | <i>Other<br/>Governmental<br/>Funds</i> | <i>Total<br/>Governmental<br/>Funds</i> |
|--|-------------------------|---------------------|------------------------|---|---|
| Cash and Equivalents                             | 6,993,917               |                     |                        | 3,401                                   | 6,997,318                               |
| Investments                                      | 1,372,250               |                     |                        | 8,124                                   | 1,380,374                               |
| Receivables                                      |                         |                     |                        |   |   |
| Taxes  | 19,721                  |                     |                        |   | 19,721                                  |
| Tax Liens  | 640,645                 |                     |                        |   | 640,645                                 |
| Accounts   | 19,619                  | 6,846               | 7,520                  |   | 33,985                                  |
| Ambulance Fees                                   | 61,584                  |                     |                        |   | 61,584                                  |
| Accrued Interest                                 | 16,780                  |                     |                        |   | 16,780                                  |
| Prepaid Expense                                  | 19,125                  |                     |                        |   | 19,125                                  |
| Inventory  | 12,843                  |                     | 2,901                  |   | 15,744                                  |
| Due from Other Governments                       | 470,945                 |                     | 6,352                  | 6,611                                   | 483,908                                 |
| Due from Other Funds                             | 6,611                   | 4,898,139           | 1,266,357              | 122,315                                 | 6,293,422                               |
| <b>Total Assets</b>                              | <b>9,634,040</b>        | <b>4,904,985</b>    | <b>1,283,130</b>       | <b>140,451</b>                          | <b>15,962,606</b>                       |
| <b><i>Liabilities and Fund Balances</i></b>      |                         |                     |                        |   |   |
| Liabilities                                      |                         |                     |                        |   |   |
| Accounts Payable                                 | 256,301                 | 31,113              | 51,775                 | -                                       | 339,189                                 |
| Retainage Payable                                |                         | 55,594              |                        |   | 55,594                                  |
| Payroll Taxes/Deductions                         | 12,432                  |                     |                        |   | 12,432                                  |
| Accrued Salaries Payable                         | 182,412                 |                     | 412,777                | 12,342                                  | 607,531                                 |
| Accrued Compensated Absences                     | 237,524                 |                     |                        |   | 237,524                                 |
| Deferred Revenue                                 |                         |                     |                        |   |   |
| Property Tax                                     | 546,723                 |                     |                        |   | 546,723                                 |
| Acadia Nat'l Park Payment<br>in Lieu of Taxes    | 16,391                  |                     |                        |   | 16,391                                  |
| Other  | 34,472                  |                     |                        |   | 34,472                                  |
| Prepaid Taxes                                    | 37,316                  |                     |                        |   | 37,316                                  |
| Bond Purchase Premium                            | 9,259                   |                     |                        |   | 9,259                                   |
| Due to Other Funds                               | 5,947,275               |                     | 339,536                | 6,611                                   | 6,293,422                               |
| Due to Other Governments                         | 316                     |                     |                        |   | 316                                     |
| Deposits Payable                                 | 22,266                  |                     |                        |   | 22,266                                  |
| <b>Total Liabilities</b>                         | <b>7,302,687</b>        | <b>86,707</b>       | <b>804,088</b>         | <b>18,953</b>                           | <b>8,212,435</b>                        |
| <b><i>Fund Balances</i></b>                      |                         |                     |                        |   |   |
| Reserved For:                                    |                         |                     |                        |   |   |
| Encumbrances                                     | 70,320                  |                     |                        |   | 70,320                                  |
| Endowments                                       |                         |                     |                        | 8,625                                   | 8,625                                   |
| Inventory  |                         |                     | 2,901                  |   | 2,901                                   |
| Unreserved                                       |                         |                     |                        |   |   |
| Designated for Working Capital                   | 1,508,000               |                     |                        |   | 1,508,000                               |
| Designated for Subsequent<br>Years' Expenditures | 57,000                  | 4,760,099           | 335,347                | 112,873                                 | 5,265,319                               |
| Undesignated                                     | 696,033                 | 58,179              | 140,794                |   | 895,006                                 |
| <b>Total Fund Balances</b>                       | <b>2,331,353</b>        | <b>4,818,278</b>    | <b>479,042</b>         | <b>121,498</b>                          | <b>7,750,171</b>                        |
| <b>Total Liabilities and Fund Balances</b>       | <b>9,634,040</b>        | <b>4,904,985</b>    | <b>1,283,130</b>       | <b>140,451</b>                          | <b>15,962,606</b>                       |

The notes to financial statements are an integral part of this statement.

**TOWN OF BAR HARBOR**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

**Exhibit C**  
**Page 2 of 2**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

|  |   |
|--|---|
| Total Fund Balance   | 7,750,171   |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$16,822,080  | 16,004,274  |
| Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:<br>Deferred Revenues   | 597,586   |
| Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:<br>Bonds Payable<br>Accrued Compensated Absences - School Department<br>Capital Leases Payable | (5,607,267)<br>(48,806)<br>(25,015)<br><u>(5,681,088)</u> |
| Net Assets of Governmental Activities  | <u>18,670,943</u>   |

The notes to financial statements are an integral part of this statement.



**TOWN OF BAR HARBOR**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

*Exhibit D*  
*Page 1 of 2*

|  | <i>General<br/>Fund</i> | <i>CIP<br/>Fund</i> | <i>School<br/>Fund</i> | <i>Other<br/>Governmental<br/>Funds</i> | <i>Total<br/>Governmental<br/>Funds</i> |
|--|-------------------------|---------------------|------------------------|---|---|
| Revenues   |                         |                     |                        |   |   |
| Taxes  | 13,799,899              |                     |                        |   | 13,799,899                              |
| Intergovernmental Revenues   | 428,401                 | 32,120              | 843,028                | 284,807                                 | 1,588,356                               |
| Departmental Revenues  | 1,383,136               |                     |                        |   | 1,383,136                               |
| Other Local Sources  | 275,835                 | 285,692             | 72,656                 | 5,054                                   | 639,237                                 |
| Total Revenues   | 15,887,271              | 317,812             | 915,684                | 289,861                                 | 17,410,628                              |
| Expenditures   |                         |                     |                        |   |   |
| General Government   | 2,694,696               |                     |                        |   | 2,694,696                               |
| Public Safety  | 2,153,583               |                     |                        | 324,901                                 | 2,478,484                               |
| Health and Welfare   | 102,260                 |                     |                        |   | 102,260                                 |
| Parks and Recreation   | 207,151                 |                     |                        |   | 207,151                                 |
| Island Explorer Shuttle Bus  | 46,000                  |                     |                        |   | 46,000                                  |
| Roads and Sanitation   | 1,577,818               |                     |                        |   | 1,577,818                               |
| Debt   | 13,045                  |                     |                        |   | 13,045                                  |
| Assessments  | 2,891,293               |                     |                        |   | 2,891,293                               |
| Capital Outlay   |                         | 2,359,654           |                        |   | 2,359,654                               |
| Education Programs   |                         |                     | 3,499,345              |   | 3,499,345                               |
| Administrative Support   |                         |                     | 1,729,252              |   | 1,729,252                               |
| School Lunch   |                         |                     | 153,588                |   | 153,588                                 |
| Total Expenditures   | 9,685,846               | 2,359,654           | 5,382,185              | 324,901                                 | 17,752,586                              |
| Excess of Revenues Over (Under)<br>Expenditures                                | 6,201,425               | (2,041,842)         | (4,466,501)            | (35,040)                                | (341,958)                               |
| Other Financing Sources (Uses)   |                         |                     |                        |   |   |
| Bond Proceeds  |                         | 3,700,000           |                        |   | 3,700,000                               |
| Transfers from Other Funds   | 3,857                   | 1,187,821           | 4,506,151              | 146,906                                 | 5,844,735                               |
| Transfers to Other Funds   | (5,645,111)             | (120,266)           | (73,664)               | (5,694)                                 | (5,844,735)                             |
| Total Other Financing<br>Sources (Uses)  | (5,641,254)             | 4,767,555           | 4,432,487              | 141,212                                 | 3,700,000                               |
| Excess of Revenues and Other<br>Financing Sources Over<br>(Under) Expenditures | 560,171                 | 2,725,713           | (34,014)               | 106,172                                 | 3,358,042                               |
| Fund Balance - July 1  | 1,771,182               | 2,092,565           | 513,056                | 15,326                                  | 4,392,129                               |
| Fund Balance - June 30   | 2,331,353               | 4,818,278           | 479,042                | 121,498                                 | 7,750,171                               |

(Continued)

The notes to financial statements are an integral part of this statement.

**TOWN OF BAR HARBOR**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

*Exhibit D*  
*Page 2 of 2*

|   |                    |
|---|--------------------|
| Net change in fund balances - total governmental funds  | 3,358,042          |
| Amounts reported for governmental activities in the Statement of Activities are different because:  |                    |
| Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:   |                    |
| Capital asset purchases capitalized   | 1,742,105          |
| Disposal of Assets  | 2,725              |
| Depreciation expense  | (1,000,884)        |
|   | <u>743,946</u>     |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:  |                    |
| Deferred Revenues   | 34,531             |
| Deferred Taxes  | 81,653             |
|   | <u>116,184</u>     |
| Bond proceeds proved current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets: |                    |
| Capital lease obligation principal payments   | 13,018             |
| Bond Proceeds   | (3,700,000)        |
| General obligation bond principal payments  | 313,168            |
|   | <u>(3,373,814)</u> |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:   |                    |
| Accrued compensated absences  | (4,957)            |
| Change in net assets of governmental activities   | <u>839,401</u>     |

The notes to financial statements are an integral part of this statement.



**TOWN OF BAR HARBOR**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**JUNE 30, 2010**

*Exhibit E*

| <i>Assets</i>                                   | <i>Wastewater<br/>Enterprise</i> | <i>Water<br/>Enterprise</i> | <i>Total</i>      |
|---|----------------------------------|-----------------------------|-------------------|
| <b>Current Assets:</b>                          |                                  |                             |                   |
| Cash and Equivalents                            | 706,386                          | 7,294                       | 713,680           |
| Receivables                                     |                                  |                             |                   |
| User Fees, net                                  | 392,999                          | 9,155                       | 402,154           |
| Liens Receivable                                | 34,352                           |                             | 34,352            |
| Accounts  | 6,131                            | 8,789                       | 14,920            |
| Accrued Interest                                | 2,232                            |                             | 2,232             |
| Inventory                                       | 16,338                           | 82,646                      | 98,984            |
| Due From Other Funds                            | 52                               |                             | 52                |
| Prepaid Expenses                                |                                  | 74,178                      | 74,178            |
| <b>Total Current Assets</b>                     | <b>1,158,490</b>                 | <b>182,062</b>              | <b>1,340,552</b>  |
| <b>Noncurrent Assets:</b>                       |                                  |                             |                   |
| Capital Assets, net                             | 11,706,838                       | 5,848,795                   | 17,555,633        |
| Bond Issuance Costs, net                        | 47,318                           | 29,732                      | 77,050            |
| <b>Total Noncurrent Assets</b>                  | <b>11,754,156</b>                | <b>5,878,527</b>            | <b>17,632,683</b> |
| <b>Total Assets</b>                             | <b>12,912,646</b>                | <b>6,060,589</b>            | <b>18,973,235</b> |
| <b>Liabilities and Fund Equity</b>              |                                  |                             |                   |
| <b>Liabilities</b>                              |                                  |                             |                   |
| Accounts Payable                                | 28,235                           | 24,640                      | 52,875            |
| Retainage Payable                               | 1,263                            |                             | 1,263             |
| Accrued Salaries and Benefits                   | 22,511                           | 15,649                      | 38,160            |
| Accrued Interest Payable                        | 32,093                           | 16,400                      | 48,493            |
| Due to Other Governments                        | 42,355                           | 428,016                     | 470,371           |
| Due to Other Funds                              |                                  | 52                          | 52                |
| Compensated Absences Payable                    | 21,170                           | 11,586                      | 32,756            |
| Bonds and Notes Payable                         | 506,966                          | 349,787                     | 856,753           |
| <b>Total Current Liabilities</b>                | <b>654,593</b>                   | <b>846,130</b>              | <b>1,500,723</b>  |
| <b>Noncurrent Liabilities:</b>                  |                                  |                             |                   |
| Deferred Bond Premium                           |                                  | 18,607                      | 18,607            |
| Construction Advances                           |                                  | 165,000                     | 165,000           |
| Accrued Pension Costs                           |                                  | 214,335                     | 214,335           |
| Accrued Standpipe Costs                         |                                  | 92,987                      | 92,987            |
| Bonds and Notes Payable                         | 3,667,856                        | 3,431,863                   | 7,099,719         |
| <b>Total Noncurrent Liabilities</b>             | <b>3,667,856</b>                 | <b>3,922,792</b>            | <b>7,590,648</b>  |
| <b>Total Liabilities</b>                        | <b>4,322,449</b>                 | <b>4,768,922</b>            | <b>9,091,371</b>  |
| <b>Net Assets</b>                               |                                  |                             |                   |
| Invested in Capital Assets, net of related debt | 7,579,334                        | 2,096,877                   | 9,676,211         |
| Retained Earnings                               |                                  |                             |                   |
| Reserved  | 860,006                          | 349,787                     | 1,209,793         |
| Unreserved - Undesignated                       | 150,857                          | (1,154,997)                 | (1,004,140)       |
| <b>Total Net Assets</b>                         | <b>8,590,197</b>                 | <b>1,291,667</b>            | <b>9,881,864</b>  |
| <b>Total Liabilities and Net Assets</b>         | <b>12,912,646</b>                | <b>6,060,589</b>            | <b>18,973,235</b> |

The notes to financial statements are an integral part of this statement.

**TOWN OF BAR HARBOR**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

*Exhibit F*

|                                       | <u>Proprietary Fund Types</u> |                   |                  |
|---------------------------------------|-------------------------------|-------------------|------------------|
|                                       | <u>Wastewater</u>             | <u>Water</u>      |                  |
|                                       | <u>Enterprise</u>             | <u>Enterprise</u> | <u>Total</u>     |
| Operating Revenues:                   |                               |                   |                  |
| Charges for Services                  | 1,168,577                     | 1,264,449         | 2,433,026        |
| Capital Charge                        | 737,642                       |                   | 737,642          |
| Interest - Late Penalties             | 14,981                        | 1,764             | 16,745           |
| Total Operating Revenues:             | 1,921,200                     | 1,266,213         | 3,187,413        |
| Operating Expenditures:               |                               |                   |                  |
| Salaries and Benefits                 | 510,573                       | 368,837           | 879,410          |
| Contracted Services                   | 169,454                       | 133,213           | 302,667          |
| Utilities & Commodities               | 200,053                       | 50,699            | 250,752          |
| Repairs & Maintenance                 | 69,746                        | 125,577           | 195,323          |
| Equipment                             | 9,691                         | 8,695             | 18,386           |
| Other Expenses                        | 38,824                        | 29,444            | 68,268           |
| Depreciation and Amortization         | 501,032                       | 193,887           | 694,919          |
| Materials and Supplies                | 98,577                        | 90,933            | 189,510          |
| Total Operating Expenditures          | 1,597,950                     | 1,001,285         | 2,599,235        |
| Net Operating Income                  | 323,250                       | 264,928           | 588,178          |
| Nonoperating Revenues (Expenses)      |                               |                   |                  |
| Interest Revenue                      | 7,610                         | 443               | 8,053            |
| Nonutility Income, net of expense     |                               | 11,605            | 11,605           |
| Gain/(Loss) on Disposal of Asset      | 5,300                         | (36)              | 5,264            |
| Contributions in Aid of Construction  |                               | 3,431             | 3,431            |
| Bond Refinancing Refund               | 197,408                       |                   | 197,408          |
| Interest Expense                      | (141,168)                     | (149,007)         | (290,175)        |
| Total Nonoperating Revenue (Expenses) | 69,150                        | (133,564)         | (64,414)         |
| <b>Change in Net Assets</b>           | 392,400                       | 131,364           | 523,764          |
| <b>Total Net Assets - Beginning</b>   | 8,197,797                     | 1,160,303         | 9,358,100        |
| <b>Total Net Assets - Ending</b>      | <b>8,590,197</b>              | <b>1,291,667</b>  | <b>9,881,864</b> |

The notes to financial statements are an integral part of this statement.



**TOWN OF BAR HARBOR**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Exhibit G**

|   | <i>Proprietary Fund Types</i>    |                             |                    |
|---|----------------------------------|-----------------------------|--------------------|
|   | <i>Wastewater<br/>Enterprise</i> | <i>Water<br/>Enterprise</i> | <i>Total</i>       |
| <b><i>Cash Flows from Operating Activities</i></b>  |                                  |                             |                    |
| Received from Customers   | 1,921,200                        | 1,266,213                   | 3,187,413          |
| Payments to Suppliers   | (547,521)                        | (409,117)                   | (956,638)          |
| Payments to Employees   | (510,573)                        | (368,837)                   | (879,410)          |
| Other Receipts (Payments)   | (38,824)                         | (17,875)                    | (56,699)           |
| <b><i>Net Cash Provided by (Used in) Operating Activities</i></b>                                     | <b>824,282</b>                   | <b>470,384</b>              | <b>1,294,666</b>   |
| <b><i>Cash Flows from Capital and Related Financing Activities</i></b>                                |                                  |                             |                    |
| Purchases of Capital Assets   | (434,794)                        | (429,231)                   | (864,025)          |
| Capital Contributions   | 123,518                          | 52                          | 123,570            |
| Principal Paid on Capital Debt  | (508,913)                        | (199,361)                   | (708,274)          |
| Principal Received on New Debt Issued   |                                  | 600,000                     | 600,000            |
| Interest Paid on Capital Debt   | (144,932)                        | (149,007)                   | (293,939)          |
| <b><i>Net Cash Used in Capital and Related Financing Activities</i></b>                               | <b>(965,121)</b>                 | <b>(177,547)</b>            | <b>(1,142,668)</b> |
| <b><i>Cash Flows from Investing Activities</i></b>  |                                  |                             |                    |
| Purchase of Investments   | 292,548                          | (289,941)                   | 2,607              |
| Interest and Dividends  | 7,610                            | 443                         | 8,053              |
| <b><i>Net Cash Provided by (Used in) Investing Activities</i></b>                                     | <b>300,158</b>                   | <b>(289,498)</b>            | <b>10,660</b>      |
| <b><i>Net Increase (Decrease) in Cash and Cash Equivalents</i></b>                                    | <b>159,319</b>                   | <b>3,339</b>                | <b>162,658</b>     |
| <b><i>Balances - beginning of the year</i></b>  | <b>547,067</b>                   | <b>3,955</b>                | <b>551,022</b>     |
| <b><i>Balances - end of the year</i></b>  | <b>706,386</b>                   | <b>7,294</b>                | <b>713,680</b>     |
| <b><i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</i></b> |                                  |                             |                    |
| Net Operating Income (Loss)   | 323,250                          | 264,928                     | 588,178            |
| Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:     | 16,778                           | 301,001                     | 317,779            |
| Depreciation and Amortization   | 501,032                          | 193,887                     | 694,919            |
| (Increase) Decrease in Accounts Receivable  | 18,821                           | 920                         | 19,741             |
| (Increase) Decrease in Due To/From Other Funds  | (7)                              | 7                           | -                  |
| (Increase) Decrease in Inventory  | 3,632                            | (6,613)                     | (2,981)            |
| (Increase) Decrease in Prepaid Expense  |                                  | (67,708)                    | (67,708)           |
| Increase (Decrease) in Accrued Wages Payable  | (1,892)                          | 1,863                       | (29)               |
| Increase (Decrease) in Accrued Interest Payable   | (3,764)                          | 1,504                       | (2,260)            |
| Increase (Decrease) in Deferred Revenue   |                                  | (1,617)                     | (1,617)            |
| Increase (Decrease) in Accrued Standpipe Costs  |                                  | 15,000                      | 15,000             |
| Increase (Decrease) in Accrued Pension Costs  |                                  | (59,582)                    | (59,582)           |
| Increase (Decrease) in Compensated Absences Payable   | 317                              | 1,225                       | 1,542              |
| Increase (Decrease) in Due to Other Governments   | (16,145)                         | (163,825)                   | (179,970)          |
| Increase (Decrease) in Accounts Payable   | (16,477)                         | (10,606)                    | (27,083)           |
| Increase (Decrease) in Retainage Payable  | (1,263)                          | -                           | (1,263)            |
| <b><i>Net Cash Provided by (Used in) Operating Activities</i></b>                                     | <b>824,282</b>                   | <b>470,384</b>              | <b>1,294,666</b>   |

The notes to financial statements are an integral part of this statement.

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Bar Harbor have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. Financial Reporting Entity**

The Town of Bar Harbor operates under an elected Town Council and Town Manager form of government. The Town's Elementary School Department operates under an elected School Committee. The School Department is administered by AOS #91. The Town's major operations include public works, water, wastewater, harbor facilities, public safety, fire protection, education, and general administrative services.

For financial reporting purposes the Town includes all organizations, functions and activities in its financial statements for which it exercises oversight responsibility. Oversight responsibility as defined by the Governmental Accounting Standards Board (GASB) includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Town. Fiduciary activities, whose resources are not available to finance the Town's programs, are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and various intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Functional expenses may also include an element of indirect cost, designed to recover administrative (overhead) costs. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Funds are classified into the following categories: governmental, proprietary and fiduciary.



**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *total economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Agency funds, reporting only assets and liabilities, have no measurement focus but use the accrual basis of accounting.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including interest on long-term debt, as well as expenditure related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, sales taxes, interdepartmental charges, and intergovernmental revenues are all considered to be susceptible to accrual. Special assessments are recorded as revenues in the year the assessments become current. Annual installments not yet due are reflected as special assessment receivables and deferred revenues. Other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The general fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The CIP funds account for all the Town and School Departments major capital projects.

The School Department accounts for the activities of the school operations.

The Town reports the following major proprietary funds:

The wastewater fund accounts for the activities of the wastewater operations. The Town operates the wastewater collection system and related administrative costs.

The water fund accounts for the activities of the water operations. The Town operates the water collection system and related administrative costs.

Additionally, the Town reports the following fund types:

Permanent funds account for monies held in trust by the Town, the investment earnings from which may only be used for the operation of the program.



**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***D. Assets, Liabilities, and Net Assets or Fund Equity***

***1. Deposits and Investments***

Governmental Accounting Standards Statement No. 40 requires the disclosure of interest rate risk, credit risk, and custodial risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town invests in short term repurchase obligations and short term investments held by a local banking institution. As a means of limiting its exposure credit risk, the Town limits its investments to those authorized by Maine State Statutes, which authorize the Town to make deposits/investments in insured commercial banks, insured credit unions, and direct debt securities of the United States Government unless such an investment is expressly prohibited by law. For an investment, custodial risk is the risk that in the event of the failure of the counter party the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As a means of limiting its exposure to custodial risk, the Town requires that, at the time funds are invested, collateral for repurchase agreements be held in the Town's name by a custodial agent for the term of the agreement and investments in obligations of the United States or its agencies be held by the Federal Reserve.

***2. Receivables and Payables***

Transactions between funds that result in outstanding balances are reported as due to/from other funds.

Property taxes receivable not expected to be collected within 60 days from year end are classified as deferred revenue. At June 30, \$546,723 has been so classified and reported on the general fund balance sheet.

Property taxes were levied on August 4, 2009 on property values assessed on April 1. Taxes were due in two installments due on September 30 and March 31, with interest at 9.0% beginning October 1 and April 1. Tax liens are placed on real property within 12 months following the tax commitment date if taxes remain delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the liens if the lien amount and associated costs remain unpaid.

***3. Inventories***

Inventories are valued at cost. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

***4. Capital Assets***

Capital assets, which property, plant, equipment, and infrastructure (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities and Equity (Continued)**

**4. Capital Assets(Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u>  | <u>Years</u> |
|----------------|--------------|
| Buildings      | 20-40        |
| Infrastructure | 18-77        |
| Equipment      | 3-20         |

**5. Compensated Absences**

In the fund financial statements, vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave, holiday leave and comp time in the government-wide financial statements is recorded as an expense and liability of the fund as the benefits accrue to employees. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulated right to receive sick pay benefits.

**6. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type financial statements. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

Under State Law, no municipality can incur debt, which would cause its total outstanding debt, exclusive of debt incurred for school, storm or sanitary sewer, energy facilities, or municipal airports, to exceed 7.50% of its last full state valuation. A municipality may incur debt for schools not exceeding 10%, storm or sanitary sewers 7.50%, and municipal airports, water districts and special purpose districts 3% of its last full state valuation. In no event can the total debt exceed 15% of its last full valuation. Full state valuation is the valuation of taxable property as certified by the State Tax Assessor, adjusted to 100%.

At June 30, the Town of Bar Harbor is in compliance with the above requirements.



**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**7. Fund Equity/Net Assets**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the government's governmental funds. However, the Town's School Department does not budget for the revenues and expenditures associated with the employer's teacher retirement contribution made by the State of Maine on behalf of the town to the Maine State Retirement System. School grant funds and the school lunch fund do not have legally adopted budgets. All annual appropriations lapse at fiscal year-end to the extent that they have not been encumbered.

All agencies of the government submit requests for appropriations to the government's manager commencing 6 weeks before the manager is required to submit the budget to the government's council. The manager compiles the data and submits the total budget to the council on or before the third Tuesday in January each year. The council holds public hearings, adopts the budget, and recommends it to the warrant committee on or before February 22. No later than seven days following adoption, the manager submits the budget to the warrant committee, which reviews the budget and submits its recommendation to the council at least four weeks prior to the Town Meeting. The council submits the budget to the Town Meeting along with the recommendation of the warrant committee. The Town Meeting adopts the final budget.

The appropriated budget is prepared by fund, function and department. The manager and department heads may make transfers of appropriations within cost centers, but may not exceed the total cost center appropriation. The council may transfer appropriations between cost centers to the extent of any unencumbered appropriation balance.

Reserve funds, once established by the Town Meeting, may be expended with approval of the council for the purpose for which the reserve was established.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments are carried forward to supplement appropriations of the subsequent year.



**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Deposits and Investments**

**Deposits**

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Town's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State Statute 5706 require banks to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the Town in the amount of the Town's deposits. The Statutes allow pledged securities to be reduced by the amount of Federal Deposit Insurance Corporation (FDIC).

One or more of the financial institutions holding the Town's cash accounts are participating in the FDIC Transaction Account Guarantee Program. Under the program, all noninterest bearing checking accounts include demand deposit accounts and any transaction account that has unlimited withdrawals and cannot earn interest are fully guaranteed by the FDIC for the entire amount. Also through December 31, 2010, IOLTA accounts and NOW accounts that do not earn more than .25% interest are fully guaranteed by the FDIC for the entire amount as long as the depository institution participates in the Transaction Account Guarantee (TAG) program. For interest bearing accounts, the Town's cash deposits, including certificates of deposits, are insured up to \$250,000 per custodian by the FDIC. Any cash deposits or certificates of deposits in excess of the \$250,000 FDIC limits are covered by collateral held in a Federal Reserve pledge account or by an agent for the Town and thus no custodial risk exists.

The Town's investment policy further restricts the investment options delegated to the Town Treasurer. The Town is authorized to invest in only U.S. Treasury bills less than one year, U.S. Treasury notes 1-5 years, certificates of deposit up to \$250,000 per bank with FDIC coverage from only 5 local banks, overnight repurchase agreements or deposit accounts, investment management agreements, local government investment pools, interest bearing checking accounts, or CDARS investment options.

At year-end, the government's carrying amount of deposits was \$7,710,998 and the bank balance was \$7,795,271. The bank balance is categorized according to credit risk as follows:

Category 1 - Insured by Federal depository or credit union insurance.

Category 2 - Collateralized with securities held by the pledging financial institution's trust Department or agent in the Town's name.

Category 3 - Uninsured and uncollateralized.

|                      | <i>Bank<br/>Balance</i> | <i>Category<br/>1</i> | <i>Category<br/>2</i> | <i>Category<br/>3</i> |
|----------------------|-------------------------|-----------------------|-----------------------|-----------------------|
| Cash and Equivalents | <u>7,795,271</u>        | <u>7,795,271</u>      | -                     | -                     |

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**B. Deposits and Investments (Continued)**

**Investments**

At June 30, 2010, the Town's investments, maturities and credit ratings are as follows:

| June 30, 2010        |            |                     |     |      |              |               |         |
|----------------------|------------|---------------------|-----|------|--------------|---------------|---------|
| Type                 | Fair Value | Maturities in Years |     |      |              | Credit Rating |         |
|                      |            | Less Than 1         | 1-5 | 6-10 | More than 10 | S&P           | Moody's |
| <b>General City:</b> |            |                     |     |      |              |               |         |
| HSBC Finance Corp    | 251,773    | 251,773             |     |      |              | A             | A1      |
| Fed Home Loan Mtg    | 256,380    | 256,380             |     |      |              | AAA           | Aaa     |
| Mellon Bank of NY    | 312,807    | 312,807             |     |      |              | A             | Aa3     |
| Toyota Motor CR Corp | 259,414    | 259,414             |     |      |              | AAA           | Aaa     |
| WM Wrigley Jr. Co    | 300,000    | 300,000             |     |      |              | A+            | A1      |
| Total                | 1,380,374  | 1,380,374           | -   | -    | -            |               |         |

**Summary of Deposits and Investment Balances**

Following is a reconciliation of the Town's deposit and investment balances as of June 30, 2010:

|                           |                     |
|---------------------------|---------------------|
| Deposits and Cash on Hand | \$ 7,710,998        |
| Investments               | \$ 1,380,374        |
|                           | <u>\$ 9,091,372</u> |

|                           | Government-wide<br>Statement of<br>Net Assets | Business-Type<br>Statement of<br>Net Assets | Totals              |
|---------------------------|---|---|---------------------|
| Cash and Cash Equivalents | \$ 6,997,318                                  | \$ 713,680                                  | \$ 7,710,998        |
| Investments               | \$ 1,380,374                                  | \$ -  | \$ 1,380,374        |
|                           | <u>\$ 8,377,692</u>                           | <u>\$ 713,680</u>                           | <u>\$ 9,091,372</u> |

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**C. Property Taxes**

Property taxes were levied for the fiscal year as follows:

|                                 |               |                   |  |
|---------------------------------|---------------|-------------------|--|
| Assessed Value                  |               | 1,437,197,340     |  |
| Tax Rate (per \$1,000)          |               | <u>8.88</u>       |  |
| Commitment                      |               | <u>12,762,312</u> |  |
| Appropriations                  |               | 20,866,594        |  |
| Less:                           |               |                   |  |
| State Municipal Revenue Sharing | 225,854       |                   |  |
| Estimated Revenues              | 7,823,998     |                   |  |
| BETE Reimbursement              | -             |                   |  |
| Homestead Reimbursement         | <u>54,430</u> |                   |  |
|                                 |               | <u>8,104,282</u>  |  |
| Net Assessment for Commitment   |               | <u>12,762,312</u> |  |

Uncollected real estate taxes at June 30 for the current year commitment totaled \$473,411, which represents tax collection of approximately 96.29% of the current year commitment. Unpaid liens at June 30 totaled \$640,645.



**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**D. Interfund Receivables and Payables**

Individual fund interfund receivable and payable balances at June 30, 2010 were as follows:

|                         | <u>Interfund<br/>Receivable</u> | <u>Interfund<br/>Payable</u> |
|-------------------------|---------------------------------|------------------------------|
| General Fund            | 6,611                           | 5,947,275                    |
| Special Revenue Funds   |                                 |                              |
| Dog Control Fund        | 1,810                           |                              |
| Eel Grass Grant         |                                 | 3,840                        |
| Scenic Byways Grant     |                                 | 2,771                        |
| ARRA Funds              | 12,342                          |                              |
| Homeland Security Grant | 42,689                          |                              |
| Cruise Ship Fund        | 65,474                          |                              |
| School Operating        | 926,821                         | 339,536                      |
| School Food Service     | 3,180                           |                              |
| School Reserves         | 330,886                         |                              |
| School Grants           | 3,651                           |                              |
| School Donations        | 1,819                           |                              |
| Trust Funds             |                                 |                              |
| Capital Project Funds   | <u>4,898,139</u>                |                              |
| Totals                  | <u><u>6,293,422</u></u>         | <u><u>6,293,422</u></u>      |

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. On the Governmental Fund financial statements, the payables are classified as Due to Other Funds with offsetting receivables on the Governmental Fund financial statements classified as Due from Other Funds. \$68,922 of the above balance is expected to be repaid during the next year. The remainder represents appropriations for future projects and will be repaid upon need of the funds for those projects.

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**E. Capital Assets (Includes School)**

Capital asset activity for the year ended June 30, 2010 was as follows:

|  | <i>Beginning<br/>Balance</i> | <i>Increases</i> | <i>Decreases</i> | <i>Ending<br/>Balance</i> |
|--|------------------------------|------------------|------------------|---------------------------|
| <b>Governmental Activities;</b>                        |                              |                  |                  |                           |
| <i>Capital assets not<br/>begin depreciated</i>        |                              |                  |                  |                           |
| Land   | 1,899,514                    |                  |                  | 1,899,514                 |
| <i>Capital assets being<br/>depreciated</i>            |                              |                  |                  |                           |
| Buildings  | 7,255,809                    | 747,873          | (18,590)         | 7,985,092                 |
| Equipment  | 5,241,302                    | 529,272          | (206,542)        | 5,564,032                 |
| Infrastructure   | 16,622,015                   | 833,140          | (132,940)        | 17,322,215                |
| Construction Work in Progress                          | 348,931                      | 4,874            | (298,303)        | 55,502                    |
| <i>Total capital assets<br/>being depreciated</i>      | 29,468,057                   | 2,115,159        | (656,375)        | 30,926,841                |
| <i>Less accumulated<br/>depreciation for</i>           |                              |                  |                  |                           |
| Buildings  | 2,560,790                    | 171,800          | (14,690)         | 2,717,900                 |
| Equipment  | 2,677,618                    | 438,555          | (154,859)        | 2,961,314                 |
| Infrastructure   | 10,868,835                   | 396,529          | (122,497)        | 11,142,867                |
| <i>Total accumulated<br/>depreciation</i>              | 16,107,243                   | 1,006,884        | (292,046)        | 16,822,081                |
| <i>Net capital assets<br/>being depreciated</i>        | 13,360,814                   | 1,108,275        | (364,329)        | 14,104,760                |
| <b>Governmental Activities<br/>Capital Assets, net</b> | 15,260,328                   | 1,108,275        | (364,329)        | 16,004,274                |

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**E. Capital Assets**

|   | <i>Beginning<br/>Balance</i> | <i>Increases</i> | <i>Decreases</i> | <i>Ending<br/>Balance</i> |
|---|------------------------------|------------------|------------------|---------------------------|
| <i>Business-type Activities;</i>                        |                              |                  |                  |                           |
| <i>Capital assets not being<br/>depreciated</i>         |                              |                  |                  |                           |
| Land  | 164,793                      |                  |                  | 164,793                   |
| <i>Capital assets being<br/>depreciated</i>             |                              |                  |                  |                           |
| Water Fund  | 7,890,524                    | 429,231          | (58,305)         | 8,261,450                 |
| Wastewater Fund   | 18,149,491                   | 412,621          | (41,655)         | 18,520,457                |
| <i>Total capital assets<br/>being depreciated</i>       | <u>26,040,015</u>            | <u>841,852</u>   | <u>(99,960)</u>  | <u>26,781,907</u>         |
| <i>Less accumulated<br/>depreciation for</i>            |                              |                  |                  |                           |
| Water Fund  | 2,424,090                    | 183,027          | (53,919)         | 2,553,198                 |
| Wastewater Fund   | 6,384,801                    | 494,723          | (41,655)         | 6,837,869                 |
| <i>Total accumulated<br/>depreciation</i>               | <u>8,808,891</u>             | <u>677,750</u>   | <u>(95,574)</u>  | <u>9,391,067</u>          |
| <i>Net capital assets<br/>being depreciated</i>         | <u>17,231,124</u>            | <u>164,102</u>   | <u>(4,386)</u>   | <u>17,390,840</u>         |
| <i>Business-type Activities<br/>Capital Assets, net</i> | <u>17,395,917</u>            | <u>164,102</u>   | <u>(4,386)</u>   | <u>17,555,633</u>         |

Depreciation expense was charged to functions/programs of the primary government as follows;  
Governmental Activities:

|  |                  |
|--|------------------|
| General Government                                   | 168,292          |
| Public Safety  | 232,483          |
| Health and Welfare                                   | 5,717            |
| Parks and Recreation                                 | 44,633           |
| Roads and Sanitation, including infrastructure       | 436,888          |
| Education Administrative Support                     | <u>112,871</u>   |
| Total Depreciation Expense - Governmental Activities | <u>1,000,884</u> |



**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**F. Capital Leases**

The Town is obligated under certain leases accounted for as capital leases. The related obligations are accounted for in General Long-Term Debt Account Group. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30:

| <i>Year-ended<br/>June 30,</i>                 | <i>Minimum<br/>Lease<br/>Payment</i> |
|--|--------------------------------------|
| 2011   | 9,035                                |
| 2012   | 9,035                                |
| 2013   | 9,034                                |
| Total Minimum Lease Payments                   | 27,104                               |
| Less: Amount Representing Interest             | (2,089)                              |
| Present Value of Future Minimum Lease Payments | 25,015                               |

**G. Long-Term Debt**

**1. General Obligation Bonds and Notes.** The government issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and notes currently outstanding are as follows:

| <i>Purpose</i>                | <i>Maturity<br/>Date</i> | <i>Interest<br/>Rate</i> | <i>Amount</i> |
|-------------------------------|--------------------------|--------------------------|---------------|
| <b>General Obligation</b>     |                          |                          |               |
| 1988 Public Improvement Bonds | 11/1/2010                | 5.00-7.85%               | 11,919        |
| 1992 School Project Bonds     | 6/1/2012                 | 5.7-6.5%                 | 230,000       |
| 2004 Municipal Renovations    | 11/1/2013                | 3.62%                    | 120,627       |
| 2004 School Heating           | 11/1/2024                | 4.57%                    | 664,721       |
| 2004 School Renovations       | 11/1/2013                | 0.00%                    | 280,000       |
| 2005 Hulls Cove Wastewater    | 10/15/2027               | 3.0 - 4.38%              | 600,000       |
| 2010 Capital Construction     | 5/1/2030                 | 2.0-4.0%                 | 3,700,000     |
|                               |                          |                          | 5,607,267     |

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**G. Long-Term Debt (Continued)**

**1. General Obligation Bonds and Notes. (Continued)**

|                                   | <i>Maturity<br/>Date</i> | <i>Interest<br/>Rate</i> | <i>Amount</i>     |
|-----------------------------------|--------------------------|--------------------------|-------------------|
| <i>Proprietary</i>                |                          |                          |                   |
| 1988 Wastewater Improvement Bonds | 11/1/2010                | 5.00-7.85%               | 15,066            |
| 1992 Wastewater Project Bonds     | 6/1/2012                 | 5.7-6.50%                | 120,000           |
| 1997 Wastewater Plant             | 10/1/2017                | 3.00%                    | 3,322,256         |
| 2001 Wastewater Improvement Bond  | 4/1/2011                 | 2.00%                    | 27,500            |
| 2005 Hulls Cove Wastewater Plant  | 10/15/2027               | 3.00 - 4.38%             | 690,000           |
| 2001 Water Acquisition Bond       | 12/1/2021                | 4.540%                   | 2,690,000         |
| 2002 Water Tank Purchase          | 10/1/2021                | 2.673%                   | 491,650           |
| 2010 Water Mains                  | 5/1/2030                 | 2.0 - 4.0%               | 600,000           |
|                                   |                          |                          | <u>7,956,472</u>  |
| Total Debt                        |                          |                          | <u>13,563,739</u> |

Annual debt service requirements to maturity for general obligation bonds and notes including interest of \$3,719,498 are as follows:

| <i>Year Ended<br/>June 30,</i> | <i>General<br/>Obligation<br/>Debt</i> | <i>Proprietary</i> | <i>Total</i>      |
|--------------------------------|--|--------------------|-------------------|
| 2011                           | 668,613                                | 1,029,627          | 1,698,240         |
| 2012                           | 642,881                                | 983,052            | 1,625,933         |
| 2013                           | 515,296                                | 919,496            | 1,434,792         |
| 2014                           | 510,580                                | 919,121            | 1,429,701         |
| 2015                           | 401,464                                | 912,992            | 1,314,456         |
| 2016-2020                      | 1,908,382                              | 3,623,192          | 5,531,574         |
| 2021-2025                      | 1,735,784                              | 1,148,950          | 2,884,734         |
| 2026-2030                      | 1,036,000                              | 327,807            | 1,363,807         |
| Total                          | <u>7,419,000</u>                       | <u>9,864,237</u>   | <u>17,283,237</u> |

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**G. Long-Term Debt (Continued)**

**2. Changes in Long-Term Liabilities**

The following summary of long-term debt transactions of the Town of Bar Harbor for the fiscal year ended June 30, 2010:

|                                      | <i>General<br/>Obligation</i> |                    |              |
|--------------------------------------|-------------------------------|--------------------|--------------|
|                                      | <i>Debt</i>                   | <i>Proprietary</i> | <i>Total</i> |
| Long-term Debt payable July 1, 2009  | 2,220,435                     | 8,064,745          | 10,285,180   |
| Debt Issued                          | 3,700,000                     | 600,000            | 4,300,000    |
| Debt Retired                         | (313,168)                     | (708,273)          | (1,021,441)  |
| Long-term Debt payable June 30, 2010 | 5,607,267                     | 7,956,472          | 13,563,739   |

**3. Debt Authorized - Unissued**

The Town was authorized to issue general obligation securities not to exceed \$1,000,000 to assist in the financing of infrastructure costs for Northeast Creek, an affordable housing project. As of June 30, 2010, this has not been issued and pending legal clarification, will not be issued in the future:

| <i>Per Referendum<br/>Vote of:</i> | <i>Purpose</i>  | <i>Unissued<br/>Amount</i> |
|------------------------------------|-----------------|----------------------------|
| June 12, 2007                      | Northeast Creek | \$1,000,000                |

The Town also approved the following general obligation bond:

|              |  |             |
|--------------|--|-------------|
| June 2, 2009 | Capital Improvements and<br>Water Construction | \$5,140,947 |
|--------------|--|-------------|

As of June 30, 2010, the town has issued \$4,300,000 of this bond, leaving \$840,947 unissued. The unissued portion is for capital improvement projects.

**H. Contributed Capital**

Changes in net contributed capital for the year-ended June 30, 2010 for the government's Proprietary Funds were as follows:

|  | <u>Wastewater</u> | <u>Water</u>   |
|--|-------------------|----------------|
| Balance - Beginning of Year                  | 2,918,042         | 149,380        |
| Additions:                                   |                   | 3,433          |
| Deductions:                                  |                   |                |
| Retirements                                  |                   |                |
| Depreciation Provided by Contributed Capital | <u>(123,518)</u>  | <u>(7,813)</u> |
| Balance - End of Year                        | <u>2,794,524</u>  | <u>145,000</u> |



**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 4 - OTHER INFORMATION**

**A. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time, although the government expects such amount, if any to be immaterial.

The government is a defendant in various lawsuits which results from the normal course of its operations. Although the outcome of these lawsuits is not presently determinable, it is the opinion of management that resolution of these matters will not have a material adverse effect on the financial condition of the government.

**B. Permanent Funds**

The principal amount of all Permanent Funds is restricted either by law or by terms of individual bequests in that only income earned may be expended. The government's Permanent Funds at June 30 are detailed as follows:

| <u>Purpose</u> | <u>Nonexpendable</u> | <u>Expendable</u>   |
|----------------|----------------------|---------------------|
| Cemetery Care  | 2,137                | (1)                 |
| Scholarships   | <u>6,488</u>         | <u>2,901</u>        |
| Total          | <u><u>8,625</u></u>  | <u><u>2,900</u></u> |

**C. Pension Plans**

**Plan Description**

The Town's employees are covered under the ICMA or Maine Public Employees Retirement System.

The ICMA RC (International City Management Association Retirement Corporation) is a qualified defined contribution plan created in accordance with Internal Revenue Code Section 457. The plan, available to all regular, full-time Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency as defined by the Internal Revenue Code provisions.

The plan is administered by an independent company, and the Town remits all compensation deferred to this administrator for investment as requested by the participant employees. All compensation deferred and funded under the plan, all investments purchased and all income attributable thereto are held in trust for the exclusive benefit of participants and their beneficiaries.

The Town participates in the Maine Public Employees Retirement System Consolidated Plan for Participating Districts (Consolidated Plan), and the Maine Public Employees Retirement System's Teacher Plan, both which are cost sharing multiple-employer defined benefit pension plans. The Maine Public Employees Retirement System (System) is a body corporate and politic and an incorporated public instrumentality of the State. Under Title 5 M.R.S.A. the System is the administrator of retirement and disability benefits, annual cost-of-living

**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 4 - OTHER INFORMATION (Continued)**

**C. Pension Plans**

***Plan Description (Continued)***

adjustments, and death benefits to plan members and beneficiaries. The System issues a financial report that includes the financial statements and required supplementary information for the plans. That report may be obtained by writing to Maine Public Employees Retirement System, Two Central Plaza, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

***Funding Policy***

Under the ICMA plan, covered employees contribute a percentage of their salary to the plan with the Town contributing 6.5% to 9.5%. The Town's costs for the fiscal years ended June 30 2008, 2009 and 2010 were \$124,777, \$107,582 and \$105,143 respectively.

Maine Public Employees Retirement System Consolidated Plan members are required to contribute 6.5% to 7.5% of their annual covered salary and the Town is required to contribute an actuarially determined rate. The current rate is 2.8% to 3.5% of annual covered payroll, plus a monthly contribution of \$840 and \$483 to fund the IUUAL, or the Initial Unpooled Unfunded Actuarial Liability. The IUUAL liability stands at \$73,085 as of July 1, 2009. Funding for subsequent fiscal years 2012 and 2013 will be at 4.4% to 5.3% and 5.5% to 6.6% respectively. The contribution requirements of plan members and the Town are established by the Maine Public Employees Retirement System Board of Trustees. The Town's contributions to the Consolidated Plan for all four funds for the years ended June 30, 2008, 2009 and 2010, were \$57,414, \$62,162 and \$66,022 respectively, which were paid in full each year.

Consolidated Plan members are required to contribute 6.5% of their annual covered salary and the School Department is required to contribute an actuarially determined rate. The current rate is 2.8% of annual covered payroll, plus a monthly payment for all covered employees of \$137. The contribution requirements of plan members and the School Department are established by the Maine Public Employees Retirement System Board of Trustees. The School Department's contributions to the Consolidated Plan for the years ended June 30, 2008, 2009 and 2010 were \$5,991, \$6,144 and \$5,820 respectively, which were paid in full each year.

Teachers and other qualified employees are required to contribute 7.65% of their compensation to the Teacher Plan. The State Department of Education is required to contribute the employer contribution, which amounted to 17.78% of the annual covered salary for fiscal year 2010. The State's cost for 2010 was approximately \$490,538. There is no contribution required by the Town except for federally funded teachers for which the Town contributed 17.78% of their compensation. This cost amounted to \$13,785 for 2010 and is chargeable to the applicable grants.

**D. Bar Harbor Water Company Pension Plan**

Prior to its acquisition by the Town, the employees of the Bar Harbor Water Company were covered by the Bar Harbor Water Company Retirement Plan for Employees, a defined benefit pension plan. Contributions were actuarially determined and made by the employer. Employees did not make contributions.

The plan was amended by the Town Council to discontinue the accrual of any additional benefits after December 31, 2001, and effective January 1, 2002, the Town of Bar Harbor became the successor sponsor.



**TOWN OF BAR HARBOR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 4 - OTHER INFORMATION (Continued)**

**D. Bar Harbor Water Company Pension Plan (Continued)**

Based on the latest actuarial valuation as of January 1, 2010, the accrued liability of the plan was \$347,820. The value of assets available for funding totaled \$133,485, leaving an unfunded liability of \$214,335. The total unfunded liability has been recorded as a liability at June 30, 2010 of the Bar Harbor Water Division enterprise fund.

**E. Risk Management**

The town is exposed to various risks of loss related to torts; theft of, damage and destruction of assets; errors and omissions; and natural disasters for which the town participated in public entity risk pools sponsored by the Maine Municipal Association (MMA) for workers' compensation, and property damage.

Workers' Compensation - MMA's workers' compensation self-insured trust retains \$400,000 of risk and purchases excess insurance for claims which exceed \$400,000 up to a maximum coverage of \$2,000,000. All participants are jointly and severally liable; therefore, if collected claims exceed collective contributions the trust has a right to assess additional contributions to its members.

Property and Casualty - MMA's Self-Funded Risk Management Pool (Pool) was created to establish and administer a risk management service and to bring about prevention or lessening of casualty and property losses to member towns. The town pays an annual premium to the Pool for various coverage and services. The Pool retains loss of property risk which exceeds \$1,000 up to a maximum coverage of \$100,000 and purchases an additional \$200,000,000 per occurrence. The Pool retains the first \$100,000 liability coverage per occurrence and purchases excess insurance for claims which exceed \$100,000 up to a maximum of \$1,000,000 per occurrence and \$5,000,000 aggregate annual coverage, and crime coverage which exceeds \$1,000 up to a maximum coverage of \$250,000.

Based on the coverage provided by the pools described above, the town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2010.

**F. Postemployment Benefits**

The Town participates in the Maine Municipal Employees Health Trust for purposes of employee health benefits. Premiums paid for active employees contain an imputed subsidy for the benefit of retired employees. In accordance with Governmental Accounting Standards Board (GASB) Statement number 45, the Town is required to disclose the Actuarial accrued liability and Annual Required Contribution (ARC) for the fiscal year ended June 30, 2010. These amounts are actuarially determined in accordance with the parameters of GASB Statement number 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC is recorded as an expense on the government-wide financial statements. The Actuarial accrued liability at June 30, 2009 (previous fiscal year end) is as follows:

|                      |           |
|----------------------|-----------|
| Active Employees     | \$290,689 |
| Retirees and Spouses | \$233,517 |
| Total                | \$524,206 |



**TOWN OF BAR HARBOR**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Exhibit H**

|  | <i>Original<br/>Budget</i> | <i>Final<br/>Budget</i> | <i>Actual</i>      | <i>Variance<br/>Favorable<br/>(Unfavorable)</i> |
|--|----------------------------|-------------------------|--------------------|---|
| <b>Revenues</b>                                  |                            |                         |                    |   |
| Taxes  | 13,682,508                 | 13,682,508              | 13,799,899         | 117,391   |
| Intergovernmental Revenues                       | 414,725                    | 437,212                 | 428,401            | (8,811)   |
| Departmental Revenues                            | 1,270,635                  | 1,270,635               | 1,383,136          | 112,501   |
| Other Local Sources                              | 301,280                    | 301,280                 | 275,835            | (25,445)  |
| <b>Total Revenues</b>                            | <b>15,669,148</b>          | <b>15,691,635</b>       | <b>15,887,271</b>  | <b>195,636</b>                                  |
| <b>Expenditures</b>                              |                            |                         |                    |   |
| General Government                               | 2,693,514                  | 2,721,514               | 2,726,847          | (5,333)   |
| Public Safety                                    | 2,205,157                  | 2,205,157               | 2,148,208          | 56,949  |
| Health and Welfare                               | 96,791                     | 96,791                  | 98,432             | (1,641)   |
| Parks and Recreation                             | 209,416                    | 214,791                 | 207,151            | 7,640   |
| Island Explorer Shuttle Bus                      | 46,000                     | 46,000                  | 46,000             | -   |
| Roads and Sanitation                             | 1,721,819                  | 1,738,931               | 1,579,693          | 159,238   |
| Debt   | 13,551                     | 13,551                  | 13,045             | 506   |
| Contingency                                      | 53,366                     | 25,366                  |                    | 25,366  |
| Assessments                                      | 2,974,574                  | 2,974,574               | 2,891,293          | 83,281  |
| <b>Total Expenditures</b>                        | <b>10,014,188</b>          | <b>10,036,675</b>       | <b>9,710,669</b>   | <b>326,006</b>                                  |
| <b>Excess Revenues Over Expenditures</b>         | <b>5,654,960</b>           | <b>5,654,960</b>        | <b>6,176,602</b>   | <b>521,642</b>                                  |
| <b>Other Financing Sources</b>                   |                            |                         |                    |   |
| Transfers from Other Funds                       | 3,944                      | 3,944                   | 3,857              | (87)  |
| Transfers to Other Funds                         | (5,618,471)                | (5,618,471)             | (5,645,111)        | (26,640)  |
| <b>Total Other Financing Sources</b>             | <b>(5,614,527)</b>         | <b>(5,614,527)</b>      | <b>(5,641,254)</b> | <b>(26,727)</b>                                 |
| <b>Net Change in Fund Balance</b>                | <b>40,433</b>              | <b>40,433</b>           | <b>535,348</b>     | <b>494,915</b>                                  |
| <b>Beginning Fund Balances - Budgetary Basis</b> |                            |                         | <b>1,725,685</b>   |   |
| <b>Ending Fund Balances - Budgetary Basis</b>    |                            |                         | <b>2,261,033</b>   |   |
| <b>Adjustments to Conform to GAAP:</b>           |                            |                         |                    |   |
| Elimination of Encumbrances                      |                            |                         | <b>70,320</b>      |   |
| <b>Ending Fund Balances - GAAP Basis</b>         |                            |                         | <b>2,331,353</b>   |   |

**TOWN OF BAR HARBOR**  
**GENERAL FUND**  
**STATEMENT OF ESTIMATED AND ACTUAL REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

*Exhibit A-1*  
*Page 1 of 2*

|                                       | <i>Estimated</i> | <i>Actual</i> | <i>Over(Under)<br/>Budget</i> |
|---------------------------------------|------------------|---------------|-------------------------------|
| Taxes                                 |                  |               |                               |
| Property                              | 12,762,312       | 12,896,234    | 133,922                       |
| Auto Excise                           | 851,849          | 809,261       | (42,588)                      |
| Boat Excise                           | 11,189           | 14,995        | 3,806                         |
| Interest/Fees on Taxes                | 57,158           | 79,409        | 22,251                        |
|                                       | 13,682,508       | 13,799,899    | 117,391                       |
| Intergovernmental Revenues            |                  |               |                               |
| State of Maine                        |                  |               |                               |
| Municipal Revenue Sharing             | 225,854          | 205,809       | (20,045)                      |
| General Assistance                    | 3,133            | 2,869         | (264)                         |
| Urban Rural Initiative Program        | 66,664           | 70,515        | 3,851                         |
| Tree Growth                           | 3,380            | 2,191         | (1,189)                       |
| Veterans Reimbursement                | 1,262            | 1,944         | 682                           |
| Homestead Reimbursement               | 54,430           | 54,430        | -                             |
| BETE Reimbursement                    | -                | 180           | 180                           |
| State MEMA Grant                      | 1                | -             | (1)                           |
| Other Grants                          | 1                | 500           | 499                           |
| Federal                               |                  |               |                               |
| Other Grants                          | 22,487           | 24,568        | 2,081                         |
| Acadia National Park - PILT           | 60,000           | 65,395        | 5,395                         |
|                                       | 437,212          | 428,401       | (8,811)                       |
| Departmental Revenues                 |                  |               |                               |
| Ambulance/Fire                        |                  |               |                               |
| Ambulance Service                     | 401,178          | 381,757       | (19,421)                      |
| Police                                |                  |               |                               |
| Police Detail                         | 10,950           | 16,585        | 5,635                         |
| Parking Tickets                       | 42,903           | 61,518        | 18,615                        |
| All Other                             | 8,584            | 17,376        | 8,792                         |
| Planning / Code                       |                  |               |                               |
| Building Permits                      | 72,557           | 113,763       | 41,206                        |
| Plumbing Permits                      | 19,653           | 19,697        | 44                            |
| Electrical Inspections                | 15,974           | 18,067        | 2,093                         |
| Vacation Rental Permits               | 10,750           | 9,346         | (1,404)                       |
| Plan Board/Subdivision & Rezoning     | 9,712            | 1,600         | (8,112)                       |
| Site Plan Review                      | 6,173            | 16,089        | 9,916                         |
| All Other                             | 11,105           | 12,322        | 1,217                         |
| Harbor Fees                           |                  |               |                               |
| Cruise Passenger Fees                 | 359,665          | 377,358       | 17,693                        |
| Docking                               | 59,057           | 34,834        | (24,223)                      |
| Moorings                              | 5,611            | 4,860         | (751)                         |
| All Other                             | 9,966            | 10,627        | 661                           |
| Solid Waste                           |                  |               |                               |
| Sale of Recyclables                   | 12,000           | 67,097        | 55,097                        |
| All Other                             | 700              | 1,290         | 590                           |
| Public Works                          |                  |               |                               |
| All Other                             | 8,268            | 8,850         | 582                           |
| Parks and Recreation                  |                  |               |                               |
| Park and Recreation Fees              | 640              | 400           | (240)                         |
| Finance                               |                  |               |                               |
| Administrative Services               | 133,664          | 133,664       | -                             |
| Auto Registrations                    | 17,615           | 16,328        | (1,287)                       |
| Boat/RV Registrations/Snowmobile Fees | 1,523            | 1,602         | 79                            |

**TOWN OF BAR HARBOR**  
**GENERAL FUND**  
**STATEMENT OF ESTIMATED AND ACTUAL REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

*Exhibit A-1*  
*Page 2 of 2*

|  | <i>Estimated</i>         | <i>Actual</i>            | <i>Over(Under)</i><br><i>Budget</i> |
|--|--------------------------|--------------------------|-------------------------------------|
| Departmental Revenues (Continued)      |                          |                          |                                     |
| Municipal Building Leases              | 29,472                   | 33,996                   | 4,524                               |
| Town Clerk                             |                          |                          |                                     |
| Clerk's Fees                           | 17,254                   | 18,125                   | 871                                 |
| All Other                              | 5,661                    | 5,985                    | 324                                 |
|  | <u>1,270,635</u>         | <u>1,383,136</u>         | <u>112,501</u>                      |
| Other Local Sources                    |                          |                          |                                     |
| Interest on Investments                | 117,000                  | 81,847                   | (35,153)                            |
| Kids Corner Lease                      | 3,900                    | 2,975                    | (925)                               |
| Other Rentals                          | 2,479                    | 2,451                    | (28)                                |
| Jackson Laboratory - PILT              | 61,800                   | 63,654                   | 1,854                               |
| Housing Authority - PILT               | 19,887                   | 25,369                   | 5,482                               |
| Other - PILT                           | 11,413                   | 12,125                   | 712                                 |
| Cable TV Franchise                     | 62,500                   | 72,811                   | 10,311                              |
| Insurance Dividends                    | 15,070                   | 13,241                   | (1,829)                             |
| All Other                              | 7,231                    | 1,362                    | (5,869)                             |
|  | <u>301,280</u>           | <u>275,835</u>           | <u>(25,445)</u>                     |
| Operating Transfers In                 |                          |                          |                                     |
| Cemetery Income                        | 217                      | 325                      | 108                                 |
| Dog Control Reserve                    | 1,837                    | 3,000                    | 1,163                               |
| Shellfish Conservation                 | 1,890                    | 532                      | (1,358)                             |
|  | <u>3,944</u>             | <u>3,857</u>             | <u>(87)</u>                         |
| Total Revenues and Operating Transfers | <u>15,695,579</u>        | <u><u>15,891,128</u></u> | <u><u>195,549</u></u>               |
| Beginning Fund Balance Used            | <u>(40,433)</u>          |                          |                                     |
| <b>Total</b>                           | <u><u>15,655,146</u></u> |                          |                                     |



## TOWN OF BAR HARBOR

## GENERAL FUND

STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES  
FOR THE YEAR ENDED JUNE 30, 2010

Exhibit A-2

Page 1 of 2

|                              | <i>Encumbered<br/>From 6/30/09</i> | <i>Appropriations</i> | <i>Expenditures<br/>Net of Refund</i> | <i>Encumbered<br/>to 6/30/11</i> | <i>(Over)<br/>Under<br/>Budget</i> |
|------------------------------|------------------------------------|-----------------------|---------------------------------------|----------------------------------|------------------------------------|
| General Government           |                                    |                       |                                       |                                  |                                    |
| Town Council                 |                                    | 40,211                | 36,728                                |                                  | 3,483                              |
| Town Manager                 |                                    | 113,957               | 109,684                               | 3,000                            | 1,273                              |
| Town Clerk                   | 2,950                              | 107,035               | 109,228                               | 6,558                            | (5,801)                            |
| Finance                      |                                    | 291,286               | 286,742                               | 2,500                            | 2,044                              |
| Legal Counsel                |                                    | 20,858                | 26,449                                |                                  | (5,591)                            |
| Elections                    |                                    | 13,477                | 11,728                                |                                  | 1,749                              |
| Technology                   |                                    | 98,500                | 90,583                                | 3,665                            | 4,252                              |
| Municipal Building           | 5,568                              | 86,998                | 77,998                                | 4,642                            | 9,926                              |
| Town Offices                 |                                    | 33,532                | 34,504                                |                                  | (972)                              |
| Employee Benefits            |                                    | 1,129,889             | 1,109,228                             |                                  | 20,661                             |
| Insurance                    |                                    | 77,518                | 81,787                                |                                  | (4,269)                            |
| Assessing                    |                                    | 135,369               | 135,857                               |                                  | (488)                              |
| Code Enforcement             |                                    | 90,422                | 71,701                                |                                  | 18,721                             |
| Planning                     | 22,446                             | 315,348               | 293,991                               | 42,750                           | 1,053                              |
| Economic Development         |                                    | 61,051                | 67,977                                |                                  | (6,926)                            |
| 27th Pay Period              |                                    | 12,492                | 7,046                                 |                                  | 5,446                              |
| Vacation Accruals            |                                    | 11,170                | 16,056                                |                                  | (4,886)                            |
| Charter Commissions          |                                    | 500                   | 61                                    |                                  | 439                                |
| Abatements/Discount on Taxes |                                    | 81,901                | 127,348                               |                                  | (45,447)                           |
|                              | 30,964                             | 2,721,514             | 2,694,696                             | 63,115                           | (5,333)                            |
| Public Safety                |                                    |                       |                                       |                                  |                                    |
| Ambulance                    |                                    | 370,688               | 364,001                               |                                  | 6,687                              |
| Fire Department              |                                    | 649,365               | 639,946                               |                                  | 9,419                              |
| Police Department            | 2,385                              | 786,664               | 735,137                               |                                  | 53,912                             |
| Public Safety Building       |                                    | 37,975                | 34,010                                |                                  | 3,965                              |
| Street Lights                | 3,100                              | 69,210                | 76,876                                |                                  | (4,566)                            |
| Dispatch                     |                                    | 185,304               | 183,419                               |                                  | 1,885                              |
| Harbor Division              |                                    | 105,951               | 120,194                               | 110                              | (14,353)                           |
|                              | 5,485                              | 2,205,157             | 2,153,583                             | 110                              | 56,949                             |
| Health and Welfare           |                                    |                       |                                       |                                  |                                    |
| General Assistance           |                                    | 6,265                 | 5,522                                 |                                  | 743                                |
| Cooperating Agencies         |                                    | 38,229                | 38,229                                |                                  | -                                  |
| Emergency Management         |                                    | -                     | 1,887                                 |                                  | (1,887)                            |
| Comfort Station              | 3,828                              | 52,297                | 56,622                                |                                  | (497)                              |
|                              | 3,828                              | 96,791                | 102,260                               | -                                | (1,641)                            |
| Parks and Recreation         |                                    |                       |                                       |                                  |                                    |
| Parks & Recreation           | 2,820                              | 193,524               | 188,379                               | 2,820                            | 5,145                              |
| Glen Mary Park               |                                    | 21,267                | 18,772                                |                                  | 2,495                              |
|                              | 2,820                              | 214,791               | 207,151                               | 2,820                            | 7,640                              |

**TOWN OF BAR HARBOR**  
**GENERAL FUND**  
**STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

*Exhibit A-2*  
*Page 2 of 2*

|  | <i>Encumbered<br/>From 6/30/09</i> | <i>Appropriations</i> | <i>Expenditures<br/>Net of Refund</i> | <i>Encumbered<br/>to 6/30/11</i> | <i>(Over)<br/>Under<br/>Budget</i> |
|--|------------------------------------|-----------------------|---------------------------------------|----------------------------------|------------------------------------|
| Island Explorer Shuttle Bus                            | -                                  | 46,000                | 46,000                                | -                                | -                                  |
| Roads and Sanitation                                   |                                    |                       |                                       |                                  |                                    |
| Public Works   | 2,400                              | 144,152               | 144,606                               |                                  | 1,946                              |
| Highway Division                                       |                                    | 1,025,775             | 924,773                               | 4,275                            | 96,727                             |
| Solid Waste  |                                    | 569,004               | 508,439                               |                                  | 60,565                             |
|  | 2,400                              | 1,738,931             | 1,577,818                             | 4,275                            | 159,238                            |
| Debt Service   |                                    |                       |                                       |                                  |                                    |
| Principal  |                                    | 11,658                | 11,658                                |                                  | -                                  |
| Interest   |                                    | 1,893                 | 1,387                                 |                                  | 506                                |
|  | -                                  | 13,551                | 13,045                                | -                                | 506                                |
| Contingency  | -                                  | 25,366                | -                                     | -                                | 25,366                             |
| Total Appropriations, Expenditures<br>and Encumbrances | 45,497                             | 7,062,101             | 6,794,553                             | 70,320                           | 242,725                            |
| Assessments  |                                    |                       |                                       |                                  |                                    |
| Regional School District                               |                                    | 2,342,042             | 2,342,042                             |                                  | -                                  |
| County Tax   |                                    | 549,251               | 549,251                               |                                  | -                                  |
| Overlay  |                                    | 83,281                |                                       |                                  | 83,281                             |
|  | -                                  | 2,974,574             | 2,891,293                             | -                                | 83,281                             |
| Operating Transfers Out                                |                                    |                       |                                       |                                  |                                    |
| Capital Improvements Program                           |                                    | 1,185,984             | 1,185,984                             |                                  | -                                  |
| School Department                                      |                                    | 4,432,487             | 4,432,487                             |                                  | -                                  |
| School Department                                      |                                    | -                     | 582                                   |                                  | (582)                              |
| Cruise Ship Fund                                       |                                    | -                     | 26,058                                |                                  | (26,058)                           |
|  | -                                  | 5,618,471             | 5,645,111                             | -                                | (26,640)                           |
| <b>Totals</b>  | <b>45,497</b>                      | <b>15,655,146</b>     | <b>15,330,957</b>                     | <b>70,320</b>                    | <b>299,366</b>                     |

**TOWN OF BAR HARBOR**

**Exhibit A-3**

**GENERAL FUND**

**STATEMENT OF CHANGES IN UNRESERVED - UNDESIGNATED FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2010**

|   |                |                       |
|---|----------------|-----------------------|
| Unreserved - Undesignated Fund Balance, July 1  | 237,685        |                       |
| Unreserved - Undesignated Fund Balance, June 30 | <u>696,033</u> |                       |
| Increase (Decrease)                             |                | <u><u>458,348</u></u> |

***Analysis of Change***

|  |                 |                       |
|--|-----------------|-----------------------|
| Additions  |                 |                       |
| Budget Summary   |                 |                       |
| Revenue Surplus (Exhibit A-1)  | 195,549         |                       |
| Unexpended Balance of Appropriations<br>(Exhibit A-2)                                  | 242,725         |                       |
| Unexpended Balance (Overdraft) of Assessments<br>and Operating Transfers (Exhibit A-2) | 56,641          |                       |
| (Increase) Decrease in Designated for HLS Officer Grant<br>Working Capital             | (57,000)        |                       |
| (Increase) Decrease in Designated for Working Capital                                  | <u>(20,000)</u> |                       |
| Budget Surplus   |                 | 417,915               |
| Deductions   |                 |                       |
| Fund Balance Used to Fund Appropriations   |                 | <u>40,433</u>         |
| Increase (Decrease)  |                 | <u><u>458,348</u></u> |



**TOWN OF BAR HARBOR**  
**ALL SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2010**

**Exhibit B-1**

| <i>Assets</i>                                    | <i>Town<br/>Reserves/<br/>Grants</i> | <i>Cruise<br/>Ship<br/>Fund</i> | <i>School<br/>Department</i> | <i>Total</i>     |
|--|--------------------------------------|---------------------------------|------------------------------|------------------|
| Accounts Receivable                              |                                      |                                 | 7,520                        | 7,520            |
| Due from Other Funds                             | 56,841                               | 65,474                          | 1,266,357                    | 1,388,672        |
| Due from Other Governments                       | 6,611                                |                                 | 6,352                        | 12,963           |
| Inventory  |                                      |                                 | 2,901                        | 2,901            |
| <b>Total Assets</b>                              | <b>63,452</b>                        | <b>65,474</b>                   | <b>1,283,130</b>             | <b>1,412,056</b> |
| <br><i>Liabilities &amp; Fund Balances</i>       |                                      |                                 |                              |                  |
| Liabilities                                      |                                      |                                 |                              |                  |
| Due to Other Funds                               | 6,611                                |                                 | 339,536                      | 346,147          |
| Accounts Payable                                 | -                                    |                                 | 51,775                       | 51,775           |
| Accrued Salaries                                 | 12,342                               |                                 | 412,777                      | 425,119          |
| <b>Total Liabilities</b>                         | <b>18,953</b>                        | <b>-</b>                        | <b>804,088</b>               | <b>823,041</b>   |
| Fund Balances                                    |                                      |                                 |                              |                  |
| Reserved for Inventory                           |                                      |                                 | 2,901                        | 2,901            |
| Unreserved                                       |                                      |                                 |                              |                  |
| Designated for Subsequent<br>Years' Expenditures | 44,499                               | 65,474                          | 335,347                      | 445,320          |
| Undesignated                                     |                                      |                                 | 140,794                      | 140,794          |
| <b>Total Fund Balances</b>                       | <b>44,499</b>                        | <b>65,474</b>                   | <b>479,042</b>               | <b>589,015</b>   |
| <b>Total Liabilities &amp; Fund Balances</b>     | <b>63,452</b>                        | <b>65,474</b>                   | <b>1,283,130</b>             | <b>1,412,056</b> |

**TOWN OF BAR HARBOR**

*Exhibit B-2*

**ALL SPECIAL REVENUE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2010**

|   | <i>Town<br/>Reserves/<br/>Grants</i> | <i>Cruise<br/>Ship<br/>Fund</i> | <i>School<br/>Department</i> | <i>Total</i>   |
|---|--------------------------------------|---------------------------------|------------------------------|----------------|
| Revenues  |                                      |                                 |                              |                |
| Intergovernmental Revenues  | 284,807                              |                                 | 843,028                      | 1,127,835      |
| Lunch Sales   |                                      |                                 | 61,863                       | 61,863         |
| Other Local Sources   | 4,598                                |                                 | 10,793                       | 15,391         |
| Total Revenues  | 289,405                              | -                               | 915,684                      | 1,205,089      |
| Expenditures  |                                      |                                 |                              |                |
| Education   |                                      |                                 | 3,499,345                    | 3,499,345      |
| Administration  | 92                                   |                                 | 1,729,252                    | 1,729,344      |
| Public Works  | 271                                  |                                 |                              | 271            |
| Public Safety   | 324,538                              |                                 |                              | 324,538        |
| Parks and Recreation  |                                      |                                 |                              | -              |
| Lunch Program   |                                      | -                               | 153,588                      | 153,588        |
| Total Expenditures  | 324,901                              | -                               | 5,382,185                    | 5,707,086      |
| Excess of Revenues Over (Under)<br>Expenditures                               | (35,496)                             | -                               | (4,466,501)                  | (4,501,997)    |
| Other Financing Sources (Uses)  |                                      |                                 |                              |                |
| Transfers from Other Funds  | 81,432                               | 65,474                          | 4,506,151                    | 4,653,057      |
| Transfers to Other Funds  | (5,369)                              | -                               | (73,664)                     | (79,033)       |
| Total Other Financing<br>Sources (Uses)                                       | 76,063                               | 65,474                          | 4,432,487                    | 4,574,024      |
| Excess of Revenues and Other<br>Financing Sources (Uses)<br>Over Expenditures | 40,567                               | 65,474                          | (34,014)                     | 72,027         |
| Fund Balance - July 1   | 3,932                                | -                               | 513,056                      | 516,988        |
| <b>Fund Balance - June 30</b>   | <b>44,499</b>                        | <b>65,474</b>                   | <b>479,042</b>               | <b>589,015</b> |

**TOWN OF BAR HARBOR**  
**TOWN RESERVE/ GRANT FUNDS**  
**SCHEDULE OF ACTIVITY**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Exhibit B-3**

|                              | <u>Balance<br/>July 1</u> | <u>Revenues/<br/>Transfers In</u> | <u>Disbursements/<br/>Transfers Out</u> | <u>Balance<br/>June 30</u> |
|------------------------------|---------------------------|-----------------------------------|---|----------------------------|
| Reserve                      |                           |                                   |   |                            |
| Dog Control (1)              | 2,095                     | 2,807                             | (3,092)                                 | 1,810                      |
| Shellfish Conservation (2)   | -                         | 1,790                             | (1,790)                                 | -                          |
| Sub-total                    | 2,095                     | 4,597                             | (4,882)                                 | 1,810                      |
| Grant                        |                           |                                   |   |                            |
| Eel Grass Grant (3)          | -                         | 5,340                             | (5,340)                                 | -                          |
| Scenic Byways Grant (4)      | -                         | 271                               | (271)                                   | -                          |
| Playground Fund (5)          | 1,837                     | -                                 | (1,837)                                 | -                          |
| Homeland Security Grant (6)  | -                         | 193,169                           | (150,480)                               | 42,689                     |
| ARRA Port Security Grant (7) | -                         | 167,460                           | (167,460)                               | -                          |
| Sub-total                    | 1,837                     | 366,240                           | (325,388)                               | 42,689                     |
| Totals                       | <u>3,932</u>              | <u>370,837</u>                    | <u>(330,270)</u>                        | <u>44,499</u>              |

Notes: (1) License Fees \$2,807.

Transfers to General Fund - \$3,000, Expenditures - \$92.

(2) Revenues - Fees \$1,790.

Transfer to General Fund - Clam Flat Management, Salaries, \$532, Wages - \$1,257.60.

(3) Grant Receipts \$5,340.

Exp. \$5,340.

(4) Grant Receipt \$271.

Exp. \$271.

(5) Donations, Fundraising \$0.

Transfer To CIP - \$1,837.

(6) Grant Receipts \$112,319, Transfer from CIP \$80,850

Exp. \$150,480

(7) Grant Receipts \$166,878, Transfer from G/F - \$582

Exp. \$167,460



**TOWN OF BAR HARBOR**  
**COMBINING BALANCE SHEET**  
**ELEMENTARY SCHOOL DEPARTMENT**  
**JUNE 30, 2010**

*Exhibit B-4*

| <i>Assets</i>                                    | <i>Operating<br/>Fund</i> | <i>Food<br/>Service</i> | <i>ESL<br/>Grant</i> | <i>Emergency<br/>Special<br/>Education<br/>Reserve</i> | <i>Emery<br/>Grants</i> | <i>Donations</i> | <i>Total</i>     |
|--|---------------------------|-------------------------|----------------------|--|-------------------------|------------------|------------------|
| Accounts Receivable                              | 7,520                     |                         |                      |  |                         |                  | 7,520            |
| Due From Other Funds                             | 926,821                   | 3,180                   | 3,501                | 330,886  | 150                     | 1,819            | 1,266,357        |
| Due From Other Governments                       | 6,352                     |                         |                      |  |                         |                  | 6,352            |
| Inventory  |                           | 2,901                   |                      |  |                         |                  | 2,901            |
| <b>Total Assets</b>                              | <b>940,693</b>            | <b>6,081</b>            | <b>3,501</b>         | <b>330,886</b>   | <b>150</b>              | <b>1,819</b>     | <b>1,283,130</b> |
| <i>Liabilities &amp; Fund Balances</i>           |                           |                         |                      |  |                         |                  |                  |
| Liabilities                                      |                           |                         |                      |  |                         |                  |                  |
| Due to Other Funds                               | 339,536                   |                         |                      |  |                         |                  | 339,536          |
| Due to Students                                  |                           | 4,189                   |                      |  |                         |                  | 4,189            |
| Accounts Payable                                 | 47,586                    |                         |                      |  |                         |                  | 47,586           |
| Accrued Salaries                                 | 412,777                   |                         |                      |  |                         |                  | 412,777          |
| <b>Total Liabilities</b>                         | <b>799,899</b>            | <b>4,189</b>            | <b>-</b>             | <b>-</b>   | <b>-</b>                | <b>-</b>         | <b>804,088</b>   |
| Fund Balances (Deficit)                          |                           |                         |                      |  |                         |                  |                  |
| Reserved for Inventory                           |                           | 2,901                   |                      |  |                         |                  | 2,901            |
| Unreserved                                       |                           |                         |                      |  |                         |                  |                  |
| Designated for Subsequent<br>Years' Expenditures |                           | (1,009)                 | 3,501                | 330,886  | 150                     | 1,819            | 335,347          |
| Undesignated                                     | 140,794                   |                         |                      |  |                         |                  | 140,794          |
| <b>Total Fund Balances</b>                       | <b>140,794</b>            | <b>1,892</b>            | <b>3,501</b>         | <b>330,886</b>   | <b>150</b>              | <b>1,819</b>     | <b>479,042</b>   |
| <b>Total Liabilities &amp; Fund Balances</b>     | <b>940,693</b>            | <b>6,081</b>            | <b>3,501</b>         | <b>330,886</b>   | <b>150</b>              | <b>1,819</b>     | <b>1,283,130</b> |

## TOWN OF BAR HARBOR

Exhibit B-5

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES

## ELEMENTARY SCHOOL DEPARTMENT

FOR THE YEAR ENDED JUNE 30, 2010

|   | <i>Operating<br/>Fund</i> | <i>Food<br/>Service</i> | <i>Federal/<br/>State<br/>Projects</i> | <i>ESL<br/>Grant</i> | <i>Emergency<br/>Special<br/>Education<br/>Reserve</i> | <i>Emery<br/>Grants</i> | <i>French<br/>Grant</i> | <i>Donations</i> | <i>Total</i>   |
|---|---------------------------|-------------------------|--|----------------------|--|-------------------------|-------------------------|------------------|----------------|
| Revenues  |                           |                         |  |                      |  |                         |                         |                  |                |
| Intergovernmental   | 664,228                   | 32,147                  | 120,595                                |                      | 26,058   |                         |                         |                  | 843,028        |
| Local Sources   | 6,580                     | 169                     |  |                      |  | 1,312                   |                         | 2,732            | 10,793         |
| Lunch Sales   |                           | 61,863                  |  |                      |  |                         |                         |                  | 61,863         |
| Total Revenues  | 670,808                   | 94,179                  | 120,595                                | -                    | 26,058   | 1,312                   | -                       | 2,732            | 915,684        |
| Expenditures  |                           |                         |  |                      |  |                         |                         |                  |                |
| Education Programs  | 3,374,570                 |                         | 120,595                                |                      |  | 1,255                   | 116                     | 2,809            | 3,499,345      |
| Administrative Support  | 1,729,252                 |                         |  |                      |  |                         |                         |                  | 1,729,252      |
| Lunch Program   |                           | 153,588                 |  |                      |  |                         |                         |                  | 153,588        |
| Total Expenditures  | 5,103,822                 | 153,588                 | 120,595                                | -                    | -  | 1,255                   | 116                     | 2,809            | 5,382,185      |
| Excess of Revenues Over<br>(Under) Expenditures                                     | (4,433,014)               | (59,409)                | -                                      | -                    | 26,058   | 57                      | (116)                   | (77)             | (4,466,501)    |
| Other Financing Sources (Uses)  |                           |                         |  |                      |  |                         |                         |                  |                |
| Lease Proceeds  |                           |                         |  |                      |  |                         |                         |                  | -              |
| Transfers from Other Funds  | 4,448,179                 | 57,972                  |  |                      |  |                         |                         |                  | 4,506,151      |
| Transfers to Other Funds  | (57,972)                  |                         |  |                      | (15,692)   |                         |                         |                  | (73,664)       |
| Total Other Financing<br>Sources (Uses)   | 4,390,207                 | 57,972                  | -                                      | -                    | (15,692)   | -                       | -                       | -                | 4,432,487      |
| Excess of Revenues and Other<br>Sources Over (Under)<br>Expenditures and Other Uses | (42,807)                  | (1,437)                 | -                                      | -                    | 10,366   | 57                      | (116)                   | (77)             | (34,014)       |
| Fund Balance - July 1   | 183,601                   | 3,329                   | -                                      | 3,501                | 320,520  | 93                      | 116                     | 1,896            | 513,056        |
| <b>Fund Balance (Deficit) - June 30</b>   | <b>140,794</b>            | <b>1,892</b>            | <b>-</b>                               | <b>3,501</b>         | <b>330,886</b>   | <b>150</b>              | <b>-</b>                | <b>1,819</b>     | <b>479,042</b> |

**TOWN OF BAR HARBOR**  
**CAPITAL IMPROVEMENTS PROGRAM**  
**SCHEDULE OF ACTIVITY**  
**FOR THE YEAR ENDED JUNE 30, 2010**

*Exhibit C-1*  
*Page 1 of 3*

| <i>Town Projects</i>                | <i>Balance<br/>July 1</i> | <i>Budget</i> | <i>Revenues and<br/>Transfers</i> | <i>Expenditures</i> | <i>Balance<br/>(Over) Under</i> | <i>Transfers<br/>From (To)<br/>Unreserved</i> | <i>Balance<br/>June 30</i> |
|-------------------------------------|---------------------------|---------------|-----------------------------------|---------------------|---------------------------------|---|----------------------------|
| Town Clerk                          |                           |               |                                   |                     |                                 |   |                            |
| Computerized Voting Equipment       | 7,171                     | 1,155         |                                   |                     | 8,326                           |   | 8,326                      |
| Finance                             |                           |               |                                   |                     |                                 |   |                            |
| Computer Hardware                   | 9,725                     | 2,000         |                                   | (8,501)             | 3,224                           |   | 3,224                      |
| Computer Reserve                    | 25,576                    | (25,576)      |                                   |                     | -                               |   | -                          |
| Technology                          |                           |               |                                   |                     |                                 |   |                            |
| Copier Equipment                    | 5,954                     | 3,065         |                                   | (6,751)             | 2,268                           |   | 2,268                      |
| Wide Format Scanner & GIS Equipment | 1,500                     | 1,500         |                                   |                     | 3,000                           |   | 3,000                      |
| GPS Unit                            | 4,617                     | 2,883         |                                   | (7,295)             | 205                             |   | 205                        |
| Map Plotter                         | 3,583                     | 2,917         |                                   |                     | 6,500                           |   | 6,500                      |
| Broadcast Equipment                 | 1,742                     | 9,887         |                                   |                     | 11,629                          |   | 11,629                     |
| Audio Visual Equipment              | -                         | 305           |                                   |                     | 305                             |   | 305                        |
| Document Imaging System             | 5,626                     | 42,793        |                                   | (41,260)            | 7,159                           |   | 7,159                      |
| Computer Servers                    | 6,085                     | 3,789         |                                   | (5,009)             | 4,865                           |   | 4,865                      |
| Town Office Phone System            | 3,962                     | 3,457         |                                   |                     | 7,419                           |   | 7,419                      |
| Asset Management System             | -                         | 18,000        |                                   | (18,050)            | (50)                            | 50  | -                          |
| Municipal Building                  |                           |               |                                   |                     |                                 |   |                            |
| Building Renovation                 | 2,712                     | 290,000       |                                   | (97,588)            | 195,124                         |   | 195,124                    |
| Ventilation System                  | 35,235                    |               |                                   | (36,224)            | (989)                           | 989   | -                          |
| Code Enforcement                    |                           |               |                                   |                     |                                 |   |                            |
| Permit Mgt. Software-BMSI           | 1,071                     | (1,071)       |                                   |                     | -                               |   | -                          |
| Pickup Reserve                      | 1,327                     | 2,861         |                                   |                     | 4,188                           |   | 4,188                      |
| Assessing                           |                           |               |                                   |                     |                                 |   |                            |
| Property Tax Maps & Revaluation     | 54,623                    | (32,169)      |                                   |                     | 22,454                          |   | 22,454                     |
| Assessing Software                  | 8,268                     | (8,268)       |                                   |                     | -                               |   | -                          |
| Planning                            |                           |               |                                   |                     |                                 |   |                            |
| Aerial Photography Update           | 545                       | 7,114         |                                   |                     | 7,659                           |   | 7,659                      |
| Downtown Streetscapes               | 35,040                    |               |                                   |                     | 35,040                          |   | 35,040                     |
| Information Kiosks                  | -                         | 10,000        |                                   | (7,187)             | 2,813                           |   | 2,813                      |
| Ambulance                           |                           |               |                                   |                     |                                 |   |                            |
| Ambulance Reserve                   | 20,124                    | 26,143        |                                   |                     | 46,267                          |   | 46,267                     |
| Defibrillators                      | 10,230                    | 10,990        |                                   |                     | 21,220                          |   | 21,220                     |
| Jaws of Life                        | 8,853                     | (365)         |                                   |                     | 8,488                           |   | 8,488                      |
| Fire Department                     |                           |               |                                   |                     |                                 |   |                            |
| Fire Engine #2                      | 38,265                    | 6,996         |                                   |                     | 45,261                          |   | 45,261                     |
| Fire Engine #3 Reserve              | -                         | 8,041         |                                   |                     | 8,041                           |   | 8,041                      |
| Fire Engine #4                      | 74,660                    | 16,687        |                                   |                     | 91,347                          |   | 91,347                     |
| Fire Engine #5                      | 57,207                    | 6,996         |                                   |                     | 64,203                          |   | 64,203                     |
| Pickup Truck Replacement            | 11,020                    | 4,026         |                                   |                     | 15,046                          |   | 15,046                     |
| Thermal Imaging Camera              | 12,075                    | 1,208         |                                   |                     | 13,283                          |   | 13,283                     |
| SCBA's & Cascade System             | -                         | 6,025         |                                   |                     | 6,025                           |   | 6,025                      |
| Police Department                   |                           |               |                                   |                     |                                 |   |                            |
| Computers & Software                | 5,394                     | 1,570         |                                   |                     | 6,964                           |   | 6,964                      |
| Radio Base Station & Console        | 30,172                    | 9,137         |                                   | (7,316)             | 31,993                          |   | 31,993                     |
| Speed Trailer & Monitor             | 2,229                     | 719           |                                   |                     | 2,948                           |   | 2,948                      |
| Port Security Grant Match           | -                         | 80,850        |                                   | (80,850)            | -                               |   | -                          |



**TOWN OF BAR HARBOR**  
**CAPITAL IMPROVEMENTS PROGRAM**  
**SCHEDULE OF ACTIVITY**  
**FOR THE YEAR ENDED JUNE 30, 2010**

*Exhibit C-1*  
*Page 2 of 3*

| <i>Town Projects (Continued)</i> | <i>Balance<br/>July 1</i> | <i>Budget</i> | <i>Revenues and<br/>Transfers</i> | <i>Expenditures</i> | <i>Balance<br/>(Over) Under</i> | <i>Transfers<br/>From (To)<br/>Unreserved</i> | <i>Balance<br/>June 30</i> |
|----------------------------------|---------------------------|---------------|-----------------------------------|---------------------|---------------------------------|---|----------------------------|
| Public Safety Building           |                           |               |                                   |                     |                                 |   |                            |
| Phone System Replacement         | 4,649                     | 1,635         |                                   |                     | 6,284                           |   | 6,284                      |
| Public Safety Bldg. Generator    | 4,274                     | 667           |                                   |                     | 4,941                           |   | 4,941                      |
| School Shelter Generator         | -                         | 667           |                                   | (2,373)             | (1,706)                         | 1,706   | -                          |
| Building Renovations             | -                         | 28,000        |                                   |                     | 28,000                          |   | 28,000                     |
| Harbor Department                |                           |               |                                   |                     |                                 |   |                            |
| Harbor Master Boat & Trailer     | 12,444                    |               |                                   |                     | 12,444                          |   | 12,444                     |
| New Floats                       | 26,601                    | 8,392         |                                   |                     | 34,993                          |   | 34,993                     |
| Gangway Replacement              | 6,463                     | 1,817         |                                   |                     | 8,280                           |   | 8,280                      |
| Harbor Master's Office           | 18,327                    |               |                                   |                     | 18,327                          |   | 18,327                     |
| Pier Renovations                 | -                         | 1,000         |                                   |                     | 1,000                           |   | 1,000                      |
| Security Camera System           | -                         | 860           |                                   |                     | 860                             |   | 860                        |
| Parks & Recreation               |                           |               |                                   |                     |                                 |   |                            |
| Albert Meadow-Grant's Park       | 5,000                     |               |                                   |                     | 5,000                           |   | 5,000                      |
| Barker Common                    | -                         | 75,000        |                                   | (4,874)             | 70,126                          |   | 70,126                     |
| Mt. Desert Cemetery              | 60,728                    |               |                                   |                     | 60,728                          |   | 60,728                     |
| Park Equipment                   | -                         | 1,837         |                                   |                     | 1,837                           |   | 1,837                      |
| Village Green Bandstand          | 10,927                    | 26,507        |                                   | (46,409)            | (8,975)                         | 8,975   | -                          |
| Glen Mary Renovations            | 2,152                     | 10,500        |                                   |                     | 12,652                          |   | 12,652                     |
| Harborview Park                  | -                         | 46,867        |                                   |                     | 46,867                          |   | 46,867                     |
| Comfort Stations                 |                           |               |                                   |                     |                                 |   |                            |
| New Restrooms Construction       | 42,255                    | 325,137       |                                   | (311,292)           | 56,100                          |   | 56,100                     |
| Public Works / Highway           |                           |               |                                   |                     |                                 |   |                            |
| Land Acquisition & Development   | 117,629                   | (92,629)      |                                   |                     | 25,000                          |   | 25,000                     |
| Air Compressor                   | 1,200                     | 1,000         |                                   |                     | 2,200                           |   | 2,200                      |
| Backhoe Reserve (Cat & Deere)    | 3,586                     | 23,915        |                                   |                     | 27,501                          |   | 27,501                     |
| Brush Chipper                    | 11,492                    | 1,832         |                                   |                     | 13,324                          |   | 13,324                     |
| Bikeway Construction             | 3,563                     |               |                                   |                     | 3,563                           |   | 3,563                      |
| Grader Reserve                   | 85,329                    | 5,000         |                                   |                     | 90,329                          |   | 90,329                     |
| Hydraulic Lifts                  | -                         | 1,000         |                                   |                     | 1,000                           |   | 1,000                      |
| Front End Loader Reserve         | 71,252                    | 9,929         |                                   |                     | 81,181                          |   | 81,181                     |
| Road Improvement Program         | 257,866                   | 3,259,063     |                                   | (913,692)           | 2,603,237                       |   | 2,603,237                  |
| Sidewalk Plow                    | 44,247                    | 6,953         |                                   |                     | 51,200                          |   | 51,200                     |
| Sidewalk Reconstruction Program  | 54,275                    | 416,296       |                                   | (173,621)           | 296,950                         |   | 296,950                    |
| Washer, Steam Pressure           | 9,500                     | 980           |                                   |                     | 10,480                          |   | 10,480                     |
| Street Sweeper (Broom)           | 25,802                    | 8,158         |                                   |                     | 33,960                          |   | 33,960                     |
| Street Sweeper (Vacuum)          | 72,022                    | 44,111        |                                   | (5,100)             | 111,033                         |   | 111,033                    |
| Town Garage Replacement Reserve  | 195,110                   | (195,110)     |                                   |                     | -                               |   | -                          |
| Tag Trailer                      | 5,976                     | 883           |                                   |                     | 6,859                           |   | 6,859                      |
| Water Truck                      | 15,000                    | 2,963         |                                   |                     | 17,963                          |   | 17,963                     |
| Light Truck Purchase             | 43,146                    | 39,871        |                                   | (65,862)            | 17,155                          |   | 17,155                     |
| Plow Truck Reserve               | 122,068                   | 50,491        |                                   | (92,348)            | 80,211                          |   | 80,211                     |
| Bobcat Loader                    | 1,250                     | 7,608         |                                   |                     | 8,858                           |   | 8,858                      |
| Roller, Vibratory                | 23,407                    | 1,379         |                                   |                     | 24,786                          |   | 24,786                     |
| Waste Oil Furnace                | 1,262                     | 2,008         |                                   |                     | 3,270                           |   | 3,270                      |

**TOWN OF BAR HARBOR**  
**CAPITAL IMPROVEMENTS PROGRAM**  
**SCHEDULE OF ACTIVITY**  
**FOR THE YEAR ENDED JUNE 30, 2010**

*Exhibit C-1*  
*Page 3 of 3*

| <i>Town Projects (Continued)</i>  | <i>Balance<br/>July 1</i> | <i>Budget</i> | <i>Revenues and<br/>Transfers</i> | <i>Expenditures</i> | <i>Balance<br/>(Over) Under</i> | <i>Transfers<br/>From (To)<br/>Unreserved</i> | <i>Balance<br/>June 30</i> |
|-----------------------------------|---------------------------|---------------|-----------------------------------|---------------------|---------------------------------|---|----------------------------|
| Solid Waste Division              |                           |               |                                   |                     |                                 |   |                            |
| Storage                           | 5,375                     | 375           |                                   |                     | 5,750                           |   | 5,750                      |
| Bailers                           | 4,222                     | 2,091         |                                   |                     | 6,313                           |   | 6,313                      |
| Glass Crusher                     | 2,777                     | 807           |                                   |                     | 3,584                           |   | 3,584                      |
| Forklifts                         | 11,265                    | 8,189         |                                   |                     | 19,454                          |   | 19,454                     |
| Transfer Station Reserve          | -                         | 2,168         |                                   |                     | 2,168                           |   | 2,168                      |
| Recycling Facility Reserve        | -                         | 645           |                                   |                     | 645                             |   | 645                        |
| Debt Service                      |                           |               |                                   |                     |                                 |   |                            |
| Building Renovation Bond Payment  | -                         | 32,477        |                                   | (32,477)            | -                               |   | -                          |
| Debt Service - Agamont Park       | -                         | 64,580        |                                   | (64,580)            | -                               |   | -                          |
| Septic Dump Payment               | -                         | 7,920         |                                   | (7,920)             | -                               |   | -                          |
| Workforce Housing                 | -                         | 76,422        |                                   | (4,830)             | 71,592                          | (71,592)                                      | -                          |
| Town Total                        | 1,867,032                 | 4,833,926     | -                                 | (2,041,409)         | 4,659,549                       | (59,872)                                      | 4,599,677                  |
| <i>School Projects</i>            |                           |               |                                   |                     |                                 |   |                            |
| Heating System Payment            | -                         | 12,889        |                                   | (12,899)            | (10)                            | 10  | -                          |
| Building Addition Payments        | -                         | 137,425       |                                   | (137,425)           | -                               |   | -                          |
| 2004 Heating System Payment       | -                         | 70,000        |                                   | (70,000)            | -                               |   | -                          |
| 2004 Heating System Payment       | -                         | 61,804        |                                   | (61,804)            | -                               |   | -                          |
| ADA Act Renovations               | 12,649                    |               |                                   |                     | 12,649                          |   | 12,649                     |
| Capital Outlay Reserve            | 25,456                    | 2,443         |                                   | (4,555)             | 23,344                          | (12,113)                                      | 11,231                     |
| Furniture & Equipment             | 3,952                     | 5,000         |                                   | (11,238)            | (2,286)                         | 2,286   | -                          |
| Computers & Technology            | 7,980                     | 38,000        |                                   | (52,449)            | (6,469)                         | 6,469   | -                          |
| Copier Lease/Purchase             | -                         | 9,035         |                                   | (9,035)             | -                               |   | -                          |
| Flooring                          | 12,591                    | 5,000         |                                   |                     | 17,591                          |   | 17,591                     |
| Repaving                          | -                         | 13,000        |                                   | (12,448)            | 552                             | (552)   | -                          |
| Asbestos Removal                  | 7,810                     |               |                                   |                     | 7,810                           |   | 7,810                      |
| Pickup Truck Replacement          | -                         | 5,530         |                                   | (5,530)             | -                               |   | -                          |
| Roof Repairs                      | 13,749                    | 3,000         |                                   | (1,081)             | 15,668                          |   | 15,668                     |
| Storage Units                     | -                         | 5,500         |                                   | (9,180)             | (3,680)                         | 3,680   | -                          |
| Connors Windows                   | 12,065                    |               |                                   |                     | 12,065                          |   | 12,065                     |
| Painting of the Building          | -                         | 5,000         |                                   |                     | 5,000                           |   | 5,000                      |
| Boiler Lead-Lag System            | -                         | 6,000         |                                   |                     | 6,000                           |   | 6,000                      |
| Dumpster Pad & Cage               | -                         | 8,000         |                                   | (8,220)             | (220)                           | 220   | -                          |
| Roof Fascia & Drainage            | -                         | 25,000        |                                   | (1,900)             | 23,100                          |   | 23,100                     |
| Sewer Lines                       | 5,000                     | 10,000        |                                   |                     | 15,000                          |   | 15,000                     |
| Safety & Access Control           | 3,189                     | 5,000         |                                   | (1,331)             | 6,858                           |   | 6,858                      |
| Indoor Pipe Replacement           | 22,450                    | 5,000         |                                   |                     | 27,450                          |   | 27,450                     |
| School Total                      | 126,891                   | 432,626       | -                                 | (399,095)           | 160,422                         | -   | 160,422                    |
| Subtotal                          | 1,993,923                 | 5,266,552     | -                                 | (2,440,504)         | 4,819,971                       | (59,872)                                      | 4,760,099                  |
| Unreserved - Undesignated Balance | 98,642                    | (5,266,552)   | 5,205,633                         | (39,416)            | (1,693)                         | 59,872  | 58,179                     |
| <b>Totals</b>                     | <b>2,092,565</b>          | <b>-</b>      | <b>5,205,633</b>                  | <b>(2,479,920)</b>  | <b>4,818,278</b>                | <b>-</b>                                      | <b>4,818,278</b>           |

**TOWN OF BAR HARBOR**  
**COMBINING BALANCE SHEET**  
**ALL PERMANENT FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

*Exhibit D-1*

| <i>Assets</i>                                | <i>Gurnee<br/>Scholarship</i> | <i>Cemetery<br/>Trusts</i> | <i>Total</i>  |
|--|-------------------------------|----------------------------|---------------|
| Cash and Equivalents                         | 2,771                         | 630                        | 3,401         |
| Investments                                  | 6,618                         | 1,506                      | 8,124         |
| <b>Total Assets</b>                          | <b>9,389</b>                  | <b>2,136</b>               | <b>11,525</b> |
| <br><i>Liabilities &amp; Fund Balances</i>   |                               |                            |               |
| Liabilities                                  |                               |                            |               |
| Due to Other Funds                           |                               |                            | -             |
| <b>Total Liabilities</b>                     | <b>-</b>                      | <b>-</b>                   | <b>-</b>      |
| Fund Balances                                |                               |                            |               |
| Reserved for Endowments                      | 6,488                         | 2,137                      | 8,625         |
| Unreserved                                   | 2,901                         | (1)                        | 2,900         |
| <b>Total Fund Balances</b>                   | <b>9,389</b>                  | <b>2,136</b>               | <b>11,525</b> |
| <b>Total Liabilities &amp; Fund Balances</b> | <b>9,389</b>                  | <b>2,136</b>               | <b>11,525</b> |



**TOWN OF BAR HARBOR**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**ALL PERMANENT FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

*Exhibit D-2*

|  | <i>Gurnee<br/>Scholarship</i> | <i>Cemetery<br/>Trusts</i> | <i>Total</i>  |
|--|-------------------------------|----------------------------|---------------|
| Revenues   |                               |                            |               |
| Investment Income  | 361                           | 95                         | 456           |
| Expenditures   |                               |                            |               |
| Scholarships   |                               |                            | -             |
|  | -                             | -                          | -             |
| Excess of Revenues Over<br>Expenditures  | 361                           | 95                         | 456           |
| Other Financing Sources (Uses)   |                               |                            |               |
| Transfers to Other Funds   |                               | (325)                      | (325)         |
| Total Other Financing<br>Sources (Uses)  | -                             | (325)                      | (325)         |
| Excess of Revenues and Other<br>Financing Sources Over<br>(Under) Expenditures | 361                           | (230)                      | 131           |
| Fund Balance - July 1  | 9,028                         | 2,366                      | 11,394        |
| <b>Fund Balance - June 30</b>  | <b>9,389</b>                  | <b>2,136</b>               | <b>11,525</b> |

# James W. Wadman

Certified Public Accountant

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December 27, 2010

Members of the Town Council  
Town of Bar Harbor  
Bar Harbor, ME 04609

We have audited the financial statements of the Bar Harbor School Department for the year ended June 30, 2010.

In connection with our audit, we make the following statements of assurances and determinations:

1. The audit has been conducted in accordance with applicable state and federal laws relating to financial and compliance audits.
2. Budgetary controls are in place.
3. The corrected annual financial report submitted to the Department of Education and Cultural Services is materially correct.
4. The Bar Harbor School Department has complied with the applicable provisions of the Maine School Finance Act.

Respectfully Submitted,

*James W. Wadman, CPA*

James W. Wadman, CPA